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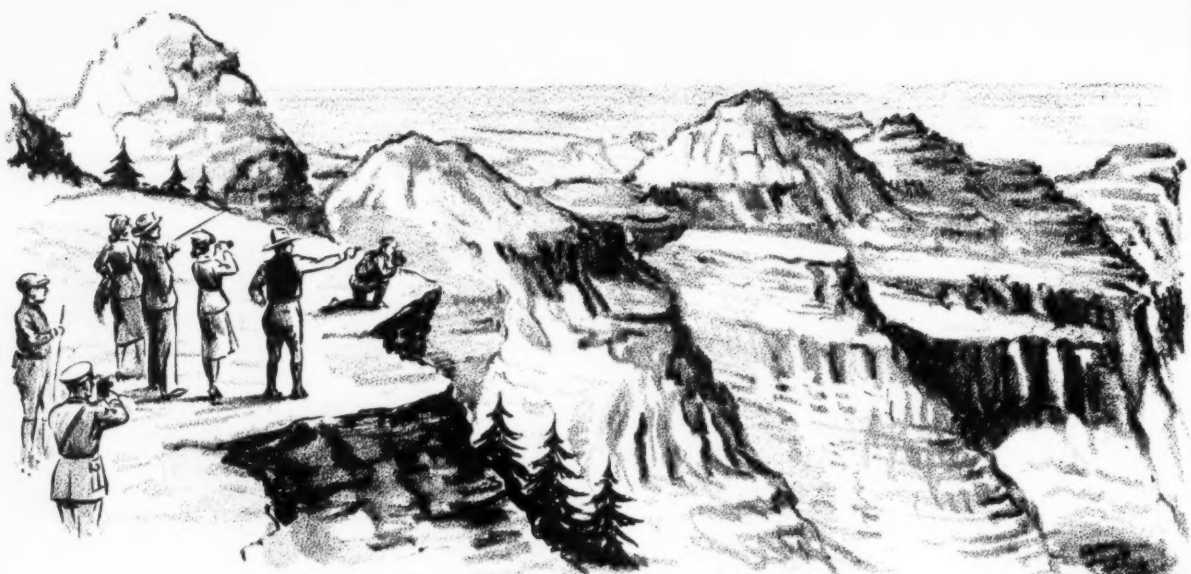
May

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Only Publication Devoted



Exclusively to Retail Credit



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The CREDIT WORLD

L. S. CROWDER
EDITOR



ARTHUR H. HERT
ASSOCIATE EDITOR

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Government Financing

Charles B. Henderson

Chairman, Reconstruction Finance Corporation
Washington, D. C.

A LEADING BANKER recently declared that the trend to create Government lending agencies which partially guarantee loans was the cause of grave concern which might lead to socialization of the banking industry. He challenged the nation's bankers to maintain their leadership in making every effort possible to supply credit needed, both during reconversion and in the post-war period.

As I look at the question, it resolves itself into the fundamental proposition of whether commercial banks alone can handle the gigantic tasks of reconversion and full employment that lie ahead. If they can, then certainly there would be no need for the Government to lend a hand. If they cannot, then it seems to me the Government should be prepared, as it was during the depression, to supply credit where needed, provided such loans are so secured as reasonably to assure repayment.

We are riding today upon the elevated highway of wartime economy, an economy that is laid on the foundations of destruction rather than construction, and an economy that gives a false sense of prosperity. No one knows better than the proprietors of business enterprises that this false prosperity will some day spend itself. As a result, it is necessary that industry, government and the public plan now for the transition period ahead. Only by careful planning can we cushion the shock of cancellation of war contracts, replacement of those in the armed forces into gainful industry, conversion unemployment—or "disemployment" as it is more euphemistically called—and the necessary rebuilding of a peacetime economy on a self-sustaining basis.

Two factors will largely determine our success in bridging the chasm between war and peace:

1. We cannot afford to overlook any means that will bring gainful employment to any portion of the 14,000,000 men and women now a part of our armed forces.
2. Small enterprises must be assured that the credit needed for them to continue will be available.

These two factors coalesce. The War and Navy Departments report that a surprisingly large number of their enlisted men and officers are planning now for the day when they can lay aside their military equipment for the things needed to establish them in gainful civilian occupations. Many of these men and women plan to go into the professions or into business for themselves.

Practically all of these new business enterprises will be classed as "small business."

Congress has already prepared well in advance for this reconversion. The so called "G. I. Bill of Rights" gives the veteran priority in obtaining certain types of surplus property and provides a Government guaranty for loans needed to establish veterans in gainful occupations. In addition, the military services are giving men about to retire from service the benefit of schooling and specialized training to fit them for a particular occupation which they may choose in civilian life.

That Congress is concerned with the preservation of small business in the post-war period is amply demonstrated by the number of bills before it for action. At no previous time during the twentieth century has the small business man received the attention and solicitude now being shown him by our law makers. Both the veteran and civilian small business man will be better equipped than ever before to enter the competitive business field.

Naturally the success of these endeavors will depend to a very great extent upon the nation's ability to provide the funds needed for the nurturing of small business enterprises as well as large enterprises which supply employment to millions of workmen. We are concerned in this article with the question of whether the commercial banks can do the job unaided by the government. The shades of opinion on this question are many.

A West Coast banker not long ago said that all government lending agencies should be shelved. While conceding that the Reconstruction Finance Corporation had served a useful purpose with respect both to bank credit and business credit, he held that all the legitimate financial needs of the country could now be satisfied by the banks without governmental assistance. This bank, with deposits of \$53,000,000 had loans outstanding of approximately \$3,000,000, or a shade less than 6 per cent.

In the same community, another banker held just as strongly that the government should give its support to the undertaking of supplying credit to appropriate business establishments. This bank has participated with the RFC in a number of loans. It is interesting to observe that it has deposits of \$130,000,000 and loans exceeding \$32,000,000, or nearly 25 per cent. This variation in viewpoint as expressed by two bankers leads to the conclusion that one banker had a much better understanding than the other of RFC's role in financing business. Although RFC poured more than \$1,000,000,000 into the nation's banking structure during the 1930's, and participated to the extent of many hundred of millions more with banks in lending money to industry, there is still a small minority of bankers who have little conception

of RFC's function in the credit picture. They look upon RFC as a competitor rather than a partner.

RFC is in no sense a competitor. It does not underwrite a business loan if the borrower's bank will undertake the risk itself. RFC enters the scene only when the borrower is unable to obtain accommodation privately. Congress was meticulously careful to hedge government lending operations in safeguards that would avoid risk of governmental competition with private banking institutions. This is shown in Section 5d of the RFC Act which permits RFC to make "loans to business enterprises when capital or credit, at prevailing rates, for the character of loan applied for is not otherwise available."

RFC is not and never has been in competition with private banks or other lending institutions. RFC has from the beginning preserved the right of our State and National banks to make these loans in the first instance. RFC is prepared to make loans on a sound basis only where private capital is not otherwise available. The purpose of RFC is to supplement the service of commercial banks when they are not in a position to assume the degree of risk involved in a particular loan.

Of the 21,000 business loans authorized by RFC, aggregating approximately \$2,600,000,000, only the national defense loans did not require the borrower to state in the application that credit was not otherwise available or require the applicant to give the names of the banking institutions at which the applicant had endeavored to obtain such credit. And of the RFC loans presently outstanding 39 per cent were made in participation with banks.

In order to better evaluate the apparent indifference or lack of understanding which prevails among some bankers with respect to the lending policies of this Corporation, I should like to present the case of a small manufacturing company, on the East Coast, which in the early part of 1942 was in a difficult financial condition because its peace-time business had all but disappeared. It needed financial assistance to convert to war production in connection with Army contracts. Local financing was unavailable so the company applied to RFC for a direct loan of \$15,000 to purchase necessary machinery and for operating expenses. Both the company and RFC endeavored to interest the local banking connection in participating in this small loan, without results, so the loan was made by RFC. During the next two years five additional direct RFC loans were made to this company for war-contract financing. In all, a total of six direct loans, aggregating \$828,000 were authorized, all of which were subsequently repaid in full, but in none of these loans did the local bank of the borrower participate.

In the same town in the latter part of 1934, another company, now the predominant local industry, was in serious financial difficulty which if not solved threatened to close the plant. Local financing was unobtainable so the company approached RFC. The situation warranted assistance and RFC made a direct loan of \$125,000 to the company. Later, in the early part of 1936, another loan of \$200,000 was authorized by RFC to this company. Both loans were subsequently paid in full.

Responsible civic minded persons in the locality in which these two companies are located have said that only by the intercession of RFC were these companies saved

to the community, and all are sincerely appreciative of the permanent economic benefits that have accrued to this community as a result of the constructive lending policy of this Corporation.

It is untrue to say that banks are mere depositories of funds. It is also untrue to say that banks desire only gilt edge loans. However, certain facts must be taken into consideration. The first duty of the bank is to its depositors; the over-all economy of the nation is secondary to the immediate safeguarding of depositors' funds. Banks cannot afford to tie up too much of their money in long term loans. Banks are limited by the size of their capital accounts as to the amount of funds they can make available to individual borrowers. The Government is in a somewhat different position in deciding on the merits of a loan application. It can think in terms that are broader than the banks purview. The matter of employment is a definite Government obligation. A problem of keeping business on an even keel, even at the risk of some loans going bad, is a definite Government function. The question of advancing money for intermediate term or long term loans is less onerous upon the Government than upon banks. In short, the Government, operating in the interest of 135,000,000 persons, naturally takes a broader range view than a commercial bank which numbers its depositors in the thousands.

These facts were weighed carefully by Congress when it enacted the RFC Act. If we are to avoid the pitfalls of the past decade, it is apparent that we should have a reasonably elastic credit structure ready for service during the conversion years ahead. These are not questions with which any of us can temporize. The correct answers to them spell the happiness, security and good will of 135,000,000 Americans, and involved in this solution are the peace and security of hundreds of millions of others who are looking to the United States for economic leadership.

RFC a Going Concern

To say, therefore, that the Government should not concern itself with the loaning of money to industry both large and small when credit is not available through normal channels, merely gives force to the laissez faire doctrine which precipitated so much of the economic illness following the debacle of 1929.

I am of the opinion that the returning veteran, the civilian wage earner, the salaried employee, the merchant and manufacturer, and even the bankers themselves, not to mention the legislators in our cities, states and nation will require that the RFC continue as a going concern for service in solving problems as they may arise in the post-war period.

The challenge is one that calls for the best we can offer as a nation. It may be described as Economic Problem No. 2. Economic Problem No. 1 was that of setting up the machinery for producing weapons and munitions needed to defeat the enemy. This problem is still our first order of business. Economic Problem No. 2 is that of preparing for reconversion and full employment. We can do much now to prepare for the changeover. *In both cases the job is up to the industry-government team which surprised the world in solving Economic Problem No. 1 and I believe will repeat the performance in solving Economic Problem No. 2.* ★★★

Reconversion and Postwar Markets

K. B. Elliott

IT IS CUSTOMARY to divide the automobile business, like others, into three parts: manufacturing, distribution, and finance. Generally speaking, this classification seems correct, but in our case I believe it sets the financial end of the business too much apart. This is for the reason that those who are engaged in the installment financing of automobiles should be considered an integral part of the distribution process. They certainly play a major role in the distribution of automobiles. They are involved in nearly every retail credit transaction. To this extent, we are engaged in a single process and have many common problems and objectives.

In speaking of reconversion, I do not propose to discuss the complex problems of reconversion of manufacturing facilities. These are problems for the engineering and production executives. However, it might be well for us to have a general perspective of the responsibilities of these men. They have an excellent record. Before the war they had reached a very high level of manufacturing efficiency. Under their guidance the automobile industry had developed the technique of mass production to its highest effectiveness.

Then came the war and these men again demonstrated their skill. They converted the automobile industry to war production in jig time in spite of appalling retooling problems. They quickly stepped up both quantity and quality of war production. They helped develop new weapons, new vehicles, and other equipment needed to

beat the enemy at his own game—mechanized warfare. They accomplished some phenomenal reductions in cost of these war materials. These things were achieved in spite of the necessity many times of using substitute materials and in spite of man-power shortages and the inexperience of new workers. They did a very effective job of recruiting new workers, of placing them in such a way as to utilize their highest skills, and of training them for new jobs in record time. These production and engineering executives also accommodated themselves to the difficulties involved in sudden changes in specifications and production schedules. All in all, they deserve much of the credit for the fact that we now have the best-equipped Army in the world.

As we look forward to the problems that will confront us at the end of the war, we may rest assured that the gigantic task of reconversion of manufacturing facilities rests in competent hands. These men are already planning for new tools, buildings and equipment. They are planning new and improved products. They are conscious of the necessity of meeting the gap in employment when war production is curtailed. We may be confident that in the postwar period the automobile industry will continue the trend of producing better products at lower cost.

It would be very easy to assume that those of us in the distribution end of the business have no reconversion problems. The fact that there is plenty of capital to finance the sale of products, plus indications of extensive demand on the part of the public may lead many sales executives to think that they have no problems. They may think that if their factories are able to produce in sufficient volume, if the banks and finance companies are able to finance sales, all they will have to do for the next several years is to sit back and build reputations as great salesmen while the product sells itself.

The term "postwar markets" sets up in the minds of most of us visions of enormous pent-up demand and of a period when the major problem will be how to produce enough to meet that demand. Perhaps, yes, even probably, this vision fairly accurately portrays the prospect. Hundreds of thousands if not millions of words have been spoken and written about the alluring possibilities of the sellers' market which the automobile industry supposedly will enjoy for a period of years.

On the surface, the prospect is bright. For nearly three years no automobiles and only a few civilian trucks have been produced. During that time, more than three million cars have been worn out and scrapped. It is probable that, by the end of the war, nearly five million cars will have been scrapped. This means that five million persons or families who have come to know the convenience and pleasure of owning automobiles will be doing without them or doing with one when they need two. Common sense tells us that these people will want



K. B. ELLIOTT is Vice President in Charge of Sales, The Studebaker Corporation, South Bend, Indiana. He gave this address at the Eleventh Annual Business Meeting of the American Finance Conference held in Chicago, Ill., November 17, 1944.

to re-establish their car ownership as soon as possible. Here, then, we have virtually a ready-made market for five million cars, a greater number than has ever been sold in the United States in a single year.

In addition, half of the cars remaining on the road in 1945 will be over 7½ years of age. About two million families will be driving old cars that normally would have been scrapped. Many of these families also will be hoping to replace their worn-out jalopies at an early date. These two million, plus the five million who have no cars at all, give us a total immediate replacement demand of about seven million—nearly twice the total passenger car sales in 1941. Over and above this immediate replacement demand, we must allow for normal replacement of the remaining cars at a rate in excess of two million per year.

Huge as these figures may sound in comparison with 1941 sales of only 3,700,000, they still cover only part of the demand. Nearly five million marriages have taken place since 1941. Many of these newly established families represent potential new customers. Returning servicemen will swell the number who would like to have new cars. In addition, some families, who because of low incomes, have never been able to afford automobiles, have had their incomes greatly increased during the war and may be expected to retain some of this advantage at the war's end. These, too, will be potential buyers. So, many new prospective owners, as well as millions of former owners, will be anxious for the assembly lines to begin to roll.

But desire does not automatically become effective demand. There are some rather big IF's underlying a good deal of our thinking about this matter. Lest, however, anyone believe that I am skeptical or pessimistic about the outlook, let me express my tremendous enthusiasm for the prospects of our industry after the war. My purpose in pointing out these IF's and questioning certain easy assumptions underlying our present thinking is rather to emphasize the work that must be done and the conditions that must prevail before these prospects can be realized.

Good Business from Pent-up Demand

The first assumption that I question is that this period of good business will result *automatically* from a pent-up and unfulfilled demand. It is generally agreed that the thing which activates business, which causes people to buy products and services, is purchasing power and the will to use it. We know that sometimes there is latent purchasing power which remains ineffective because it is driven into hiding by fear or uncertainty, or it retreats in the guise of a buyers' strike or in refusal to pay prices or charges thought to be excessive.

It has occurred to many of us that the tremendous and mounting savings of individuals in this country can give us a false sense of anticipation of potential spending. Free spending, particularly in our business, depends substantially upon good levels of employment and the regular and welcome appearance of a pay check. As a matter of fact, the philosophy of installment credit is that of buying out of income rather than out of savings. Savings provide a backlog to the individual that represents his financial Rock of Gibraltar. I believe this still to be true in spite of developing provisions for old age and

unemployment security with which we are all familiar. Savings, it is true, may create greater willingness to spend current income and to spend more of it than would be the case if current income were not backed up by a reserve available for the proverbial rainy day.

General prosperity, as well as our particular prosperity, depends upon high levels of employment and income. We have a social responsibility as well as a direct private interest in contributing what we can toward the achievement of satisfactory employment levels. Only if they are achieved will our postwar markets be as great as they are currently pictured.

The second assumption that I challenge is that, as the rain falls on the just and unjust alike, so will the benefits of a sellers' market fall on everyone regardless of individual preparation and effort. This certainly is a question which should be faced squarely by each one of us, by the manufacturer, by the finance company and by the dealer. Let us consider it from the standpoint of the leader, for we as manufacturers and you as finance companies meet on the common ground of concern with his success.

Prepare for Postwar Business

I detect, on the part of some, a feeling that anyone who has a new car franchise is assured of profits limited only by the ability of his factory to supply cars. The danger in any such attitude is obvious. Automobile dealers must prepare individually for their participation in postwar new car business. Distributing, merchandising, and selling require forethought and planning just as manufacturing does. Sales departments and dealers have a job of reconversion to do just as engineering and production departments have. And right here is the place to emphasize the responsibility of factories and of finance companies for encouragement and assistance to dealers in meeting their reconversion problems. There are three of these problems that I consider of outstanding importance:

1. Reconversion as to premises and facilities
2. Reconversion as to personnel
3. Reconversion as to customer and public relations

There is a great need for reconversion of automobile dealers' premises. Many, if not most, dealer establishments originally were built as conventional type business buildings and are not entirely suitable to the particular needs of this type of business. Some dealers, even, are still operating in buildings that, although somewhat remodeled, were blacksmith shops, livery stables, and machine shops 30 to 35 years ago.

Everyone who has ever sold automobiles knows that eye appeal is an important factor. But its importance is not limited to the product; it applies also to the place of business. A sleek, modern appearance advertises to the world that here is a progressive, efficient business. Aside from eye appeal, it is important that the establishment be laid out in such a way as to promote the greatest efficiency of sales and service. It should also be a healthful, convenient, and pleasant place in which to work. The value of a dealer's premises is not the dollar-and-cents value carried in the financial statement. Its real value is the extent to which it lends itself to the effective and profitable conduct of his business.

I predict that during the next ten years there will be a metamorphosis of dealer premises and it follows that

the dealer who expects to stay in business must keep pace. He should be planning now the changes which he will make in his premises, whether to remodel, build, or buy. And, of course, as he plans these changes, he will need to plan the method by which they are to be financed. I believe we have an obligation to help him with these plans and the problems that are connected with them.

When it comes to personnel, the automobile dealer will have the greatest opportunity he has ever had when this war is over. He can make the most of that opportunity if he will take advantage of the experience the military services and industry have had during this war period. By the use of careful selection and modern training methods the services were able, in a very short time, to convert some 11 million civilians into the greatest fighting machine in the world. Similarly, industry was able to take inexperienced workers and in a few short months convert them into the world's greatest production team. By using similar methods there is no reason why the automobile dealer cannot develop the most efficient sales and service organization he has ever had. Don't forget that most dealers will be building their staffs anew and that, if they are prepared to take advantage of it, they will have an opportunity to draw from returning servicemen the cream of America's brains, ability and energy.

Serving the Public Interest

As to customer and public relations, it is always well to keep in mind that the automobile dealer will prosper, as industry generally will prosper, only so long as he serves the public interest. During the war, when there have been practically no new cars to sell and, in many cases, far more service business than could be handled with the man-power available, there have been instances where customers could not be served as they should have been. Discourtesy and indifference on the part of employees have resulted in inconvenience and irritation on the part of customers. The consequent loss of good will may not be great but even in small doses it is serious.

Much of the discourtesy and inconvenience has been unintentional on the part of the dealer, but he should begin now to re-establish any good will that has been lost. He should see to it that no further damage is done and positive measures are taken to re-establish the confidence and good will of the community toward him.

If dealers accomplish this reconversion of premises, personnel, and public relations, and the other partners in the American business team play their part equally well, the present glowing prospects of the industry should be realized.

But, suppose we do have a period of three to five years of excellent business, what then? We are apt frequently to fall into a trap when we think of the time factor in business. When we look forward five years it appears to be a very long time. It is only when we look back on it that we see how short it really is. You will remember the biblical story of Joseph. He became a man of great influence and prestige simply because in his interpretation of Pharaoh's dream, he foresaw not only the seven years of plenty but also the seven years of famine which were to follow.

The automobile industry is thoroughly aware of the useful, vital part which installment financing has played

in its development. The manufacturers recognize how closely related to their own success is that of their dealer organizations and of those who finance the wholesale and retail movement of cars and trucks. It is merely stating the obvious to say so.

Installment financing has played a big part in making automobiles available to the rank and file of the American people. I am confident that it will continue to do so. In spite of the enormous savings which the American people have accumulated during the war, it is doubtful whether these savings will be used to any great extent in the purchase of automobiles. It seems more likely that a large proportion of the savings will be invested in homes, in the education of children, or held for a rainy day. However, it should be noted that the very existence of these savings as a backlog of security probably will make the American people willing to spend their current incomes more freely. In any event, the fact that the majority of purchasers will continue to pay for automobiles out of current incomes augurs well for the finance business.

Does installment financing of automobiles face any problems? I am sure it does. However, I believe the time is long past when finance charges could be based upon "what the traffic will bear." I am sure that you will agree with me that these charges should be kept at the lowest level consistent with the value of the service provided and a fair return to the finance company. In fairness to the manufacturer, the dealer, and the public, I believe the purchaser should always be fully informed as to the amount of the finance charge involved in his purchase. Itemization of the various costs of the purchase will protect finance companies against any possible impression of exorbitant charges for financing service and will protect the automobile industry against the assumption that the over-all cost, including the finance charge, is the real price of the automobile.

Both of these suggestions are put forward in the interest of good public relations on the part of finance companies and automobile dealers and manufacturers. We cannot afford to allow anyone to get the impression that the industry takes lightly its responsibility to the public. In 1883 William H. Vanderbilt was asked by a newspaper reporter whether the removal of a fast mail train from a particular railroad schedule would not adversely affect that railroad's service to the public. Mr. Vanderbilt was alleged to have replied: "The public be damned; I'm working for the stockholders." Mr. Vanderbilt later denied that he had made such a statement.

Let us avoid any such impression of the automobile industry. Let us apprise the public that we are fully conscious of our obligations and are bending our utmost efforts toward their fulfillment.

In summary, then, if manufacturers reconvert quickly and efficiently, if factories and finance companies lend aid to the dealers in the reconversion of facilities, personnel and public relations, if we are farsighted rather than shortsighted, building for the future as well as capitalizing on present opportunities, if we devote our energies to the betterment of all aspects of the automobile business, we then may be confident that our present bright prospects will be realized and we may eventually take satisfaction in the contribution we will be making toward a sound prosperity. ★★★

THE AMERICAN MERCURY gave us special permission to reprint this article of EDWARD L. BERNAYS which appeared in their February, 1945 issue. MR. BERNAYS, pioneer counsellor on public relations, has been referred to as "United States publicist Number One." He is the author of *SPEAK UP FOR DEMOCRACY*, *PROPAGANDA* and *CRYSTALLIZING PUBLIC OPINION*. He will have a new book out this spring, *YOUR PLACE AT THE PEACE TABLE*.—Ed.

A MERCURY SURVEY of OPINION LEADERS

Edward L. Bernays

IN A PREVIEW of American public opinion, published in the March, 1944, *American Mercury*, I attempted by querying representative group leaders and opinion-molders throughout the country, to evaluate the trends of public opinion and action in the following six months; and to interpret and project them into the future. The test was made in the belief that the views of group leaders and opinion-molders today are likely to be the pattern of popular thought tomorrow, and that a synthesis of their views is a fair indication of the direction in which we are traveling.

The results of our survey proved to be remarkably accurate. Public opinion and events took place according to expectation. I have completed a new survey to try to forecast public opinion on major issues, arising out of present events and in some cases to forecast events themselves. This article gives in broad outline the results of our latest survey.

We queried a substantial and representative number of group leaders and opinion-molders. An astounding percentage answered. These men and women reflect the thought of the country in education, commerce and industry, banking and finance, press and radio, government service, labor, agriculture, professional and other vocational interests, and social welfare, including many organizations and associations with millions of followers.

Here are the conclusions to be drawn from this study:

The American people will join a postwar union of nations;

With victory, America and her Allies will occupy a conquered Germany and Japan until they become economically sound and politically democratic;

America believes it will not enter another war until at least twenty-five years from now;

Americans think that Presidential tenure should be limited by law;

Postwar taxes should be levied on all income groups, and distributed proportionately;

Wartime controls should be continued in the postwar period, primarily on necessary goods, through minimum wage laws, and wage ceilings;

Reconversion should be handled by both government and private industry, and not by government alone;

In the light of current political, economic and social trends, the United States will move in the next ten years towards a mixed economy, increasing cooperative interest and control by both government and private industry;

The people will demand a law requiring confirmation of treaties by a majority vote of both houses of Congress;

We will have compulsory military training for young men after the war—but on the question of a national service of men and women a forecast is difficult because we are divided.

To a question of primary importance to all Americans, *Should the United States join a postwar union of nations?* 96.2 per cent of the answers, an overwhelming vote cutting across all regional and other lines, definitely favored our participation in such a world union.

Out from Kansas, for instance, comes the warning, "Unless we do organize the world thus, the present war may as well continue indefinitely without an armistice."

We Must Pay for Price of Peace

A Santa Barbara, California, newspaper editor adds, "But it's all academic and doesn't really matter unless we are willing to pay the price of peace, which is economic adjustment and a Christian spirit."

Getting down to more detailed issues, 36.9 per cent thought that the "big four" (USA, Great Britain, Russia and China) should dominate, as against a bare 9.6 per cent willing to give equal representation to all member nations regardless of population and territory.

Typical of the comments was that of a Chicago physician: "All games need an umpire." "Why not be

realistic? That will happen anyway," says the publisher of a Pennsylvania paper.

And at Chapel Hill, North Carolina, an eminent educator observes, "The 'big four' will do as they please. The best we can do is hope it will please them to act sensibly. Exactly what is sensible isn't so clear as many of us think."

Only 44.1 per cent supported the use of group military force against aggression—and only 9.2 per cent were willing to give the "big four" the right to veto military action should one of their own number be proved an aggressor.

To the question, *Do you think the United States is apt to be engaged in another war in the next 5, 10, 15, or 25 years?* only one-half of our respondents answered. Of these, 78.05 per cent believed that another war would not come before 25 years, 12.08 per cent in 15 years, 7.5 per cent in 10 years, and 2.2 per cent in 5 years. There were many who said that a response would depend upon the success of a union of nations or that they would prefer thinking in terms of peace rather than to be committed on the possibility of another war.

Hopes and Fears of the People

The hopes and fears of the people, in fact, much more than their opinions, served to dominate their response to this question, but more prominent were the suggestions that thinking of any possibility of war should be abandoned in preference to planning, and a sense of determination to secure peace. "Stop talking about war, work for peace," was the general opinion.

To the question, *Do you favor a change in the law requiring Senate confirmation of foreign treaties by a two-thirds vote?* the tide ran strongly in favor of balancing executive and legislative authority, and called for broader public participation and representation in whatever foreign commitments we may make. A South Dakota editor's reminder, "A few Senators cheated us after World War I," and a Hartford, Connecticut, educator's comment, "The more people to decide, the less international skullduggery," were evidently in the thoughts of the 62.7 per cent who wanted to change the present law which requires only Senate confirmation. Specifically 80.7 per cent of the leaders want this changed to a requirement for a majority vote of both houses of Congress as against 19.3 per cent who would be satisfied with a majority vote of the Senate alone.

In answer to, *What to do with Germany when victory is achieved?* the preponderant opinion (69.7 per cent) emphasizes that Germany must be occupied until it is economically sound and politically democratic.

This was an insistent note, regardless of vocations or regions; 6.9 per cent would keep Naziland occupied for five years by a United Nations Military Government, 10.5 per cent would strip the country of heavy industry and convert it into an agricultural nation, 11.9 per cent call for dismemberment; and 1.3 per cent believe we should do nothing.

In relation to both Germany and Japan, in fact, there is an emphasis on constructive rehabilitation measures rather than vengeance. As to what to do with Japan, 50.1 per cent voted, as the first course of postwar action, for occupation until it becomes economically sound and

politically democratic, even though as an alternative there is a stronger percentage for Japan's dismemberment, 29.73 per cent as against 11.9 per cent for Germany. Minority choices are 12.8 per cent, for the stripping of the country of heavy industries and agricultural conversion; 6.08 per cent, for a five-year occupation period by a United Nations Military Government; and 1.01 per cent who felt that no action should be taken at all.

Extremes of emotional response to the treatment of Japan can be sensed in comments added by two editors from the pivotal state of California. While one demanded, "Sterilize them. Let them live out their lives and then die out," another countered with, "You can't hammer people into being peaceful. You can only love them into it." The same differences held in regard to postwar Germany.

But, "If we are going to police the world, and we damn well are, then we're going to need policemen," warns a New York State editor; 69.2 per cent were unequivocally in favor of *compulsory military training for young men* after the war, with 30.7 per cent opposed. As a historian from the state of Michigan declares, "Youth needs to know the cost of freedom, the need and duty of defending it, and the obligations it involves. Not for 'goose-stepping' or 'technical' ends, however. I would combine with it vocational training." A university professor from Texas confirms, "The safety of democracy depends on a free citizenry trained to defend its rights."

Still, the demands for clarification of the proposed program cut across all shades of opinion. Many pointed out that strictly military methods are quickly outmoded today so that there should be emphasis on the basic techniques of organization, quick thinking and body building.

On the related question, however, *Do you favor some form of national service (not necessarily military) for both men and women?* the vote was closely divided with 54.4 per cent voting *no* against 45.5 per cent *yes*. In the majority of negative comments there was a certain emotional aversion to any forced change in the status of women, and more to any possibility of gradual regimentation for the whole population. "I do not favor any more Federal controls over the people in any form," says the head of a Shreveport, Louisiana, organization, voting *no*. "Regimented youth movements are too handy tools for demagogues and tyrants," adds a Cedar Rapids, Iowa, editor, while a news director in Minneapolis, Minnesota, thinks, "Women need discipline more, but I can't see it in compulsory service form. . . ." In contradiction to this point of view, an Aurora, Illinois, leader answers, "Yes. We do not need to be regimented, but should be organized for any possible emergency. Our Air Raid training under Civilian Defense was excellent." And a lecturer in Boston, Massachusetts, agrees, "This would be helpful, instilling respect, responsibility and reverence for country and fellow citizens."

Factors Influencing Voters

The recent Presidential election gave us an opportunity to get an answer to the question, *What factors influenced your vote most strongly—domestic issues, international issues, or the personality and character of the candidate?* Three factors, it appeared, were of near equal importance

in the minds of the leaders; 37.6 per cent declared international factors most strongly influenced their choice, 33.3 per cent domestic issues, 29.1 per cent personality and character of the candidate.

In response to *How long do you think Presidential tenure should be set by law?* 74.6 per cent suggested limiting the term in some way, generally adding comments like, "It is of the essence of democracy that there be frequent changes in the Presidency"; 48.8 per cent were for one eight-year or two consecutive four-year periods, 25.4 per cent were for the present system of no limitations, on the principle, "Let the people rule."

Among new proposals for tenure, 19.2 per cent favored a six-year term, while minorities of 5.3 per cent felt that one four-year period without re-election was adequate, and 1.3 per cent thought that a twelve-year occupancy of the White House was preferred. There were even a few suggestions for a seven-year term or for elections patterned on the English vote of confidence. In general, among professional groups there was a definite cleavage. Labor, social welfare, civic leaders and heads of large national cross-section groups voted for no limitations, while the press, commerce, industry, banking and finance, education and professions such as medicine, the church and the law, favored restriction.

After Germany and Japan are defeated, our leaders believe in some continuation of wartime wage and price ceiling control; 57.6 per cent would maintain the price ceilings on luxury goods, in comparison with 86.6 per cent on necessary goods and 71.6 per cent on wage ceilings, and 81.0 per cent would maintain minimum wage laws; 15.73 per cent of those questioned voted to continue such controls for one year, 28.25 per cent for two years, and 11.65 per cent for five years, while a surprising 44.36 per cent are in favor of "indefinitely."

The close majority (57.1 per cent) wishing to see free international trade without tariff barriers did so with the general conviction that "tariffs make wars," but with skepticism, in many cases, that free trade is either possible, or practical. A national network radio commentator declares, "Generally speaking, yes. The United States can make better products, so we need not fear competition on essential items."

Free Trade Is Ideal

The 42.9 per cent holding out for tariffs, however, offered a consideration of our need for self-protection and the maintenance of standards of living, wage scales, and the like, against what was frequently called "idealism." In line with this opposition, a nationally known Washington newspaper columnist contends, "No. To start with, free trade is ideal; but our present wage scale now depends on tariffs to a large extent, and we are committed to them whether we like it or not."

There was a strong agreement on how reconversion should be handled. Only 2.0 per cent wanted government alone to handle the job; 8.9 per cent private industry alone, while a grand total of 89.1 per cent declared here was a task for both government and private industry. Including labor as a factor, leaders in general rejected the need of cleavages between these interests, but called instead for cooperation on problems necessary to the public good. As an upstate New York industrial

representative declared, "Both government and private industry are inextricably bound up in the production of war goods. Together they must work out the details of reconversion and disposal."

On Management-Labor relations, 21.1 per cent sought greater control for unions, 78.8 per cent demanded less control by unions; 28.3 per cent wanted more pro-Labor legislation, 71.6 per cent more pro-Management legislation. These figures will no doubt appall the rank and file of Labor—and frankly, they disturb the writer. But they are presented here for the therapeutic value the truth ought to have. There was agreement that cooperation, including unbiased government supervision in public interest rather than pressure group interest, should be the objective. A Yale professor put it this way, "There should be a combination of forces, including (1) legislation either 'pro-Labor' or 'pro-Management' which would redress evils as they appear, and (2) a greater sense of responsibility (to their constituents and to the public) on the part of both labor leaders and business management." A Philadelphia publisher wrote, "Man is hoggish and predatory. A balance of power seems best, but difficult to maintain."

As to Postwar Taxes

As to postwar taxes, there was the same emphasis on the cooperative relationship between citizens and government with emphasis on a proportionate distribution of taxes on all income groups (87.4 per cent).

With sound American thinking prevailing, it is not surprising that in answer to the question as to *What direction the United States will move in the next ten years?* only 4.9 per cent of American leaders believe we will move to complete state control; 39.3 per cent believe that we will continue as a nation of free capitalistic enterprise more or less as at present, while 55.7 per cent believe we are moving increasingly towards a mixed economy of private industry and state control.

A leader in a nationally known labor organization, whose opinion was echoed by heads of industries as well, says, "The drift toward a modified state socialism is a worldwide phenomenon, and is not confined to this country. It is compounded partly of a feeling that free enterprise has failed to provide solutions for certain important questions, and partly on the fact that government is being required to furnish services which free enterprise either cannot or will not undertake."

"It is a mistake," agrees an editor out in Indiana, "to assume that any state control automatically restricts and never expands private enterprise. TVA is a good example of such expansion along with and because of government enterprise." *I believe this survey gives a true picture of what America's leaders think and how America in the future, in line with its leaders' thinking and action, will move on the important questions facing the nation.* ★★★

*Reading this magazine carefully
and regularly will contribute to
your success as a Credit Executive*

Collection Service As I Want It

—A. L. Grant—

TO APPRAISE the Collection Service of Credit Bureaus and outside attorneys properly, and to fix their service in the proper niche, I am going to try to establish a premise on which any collection policy must be based. This is necessary because each step in the modern collection system is a projection from the one that immediately precedes it.

The class of customer, the locality, and the quality of merchandise sold determine the collection policy of any store. Those stores, who cater to customers whose earnings are in the lower range of income, must be somewhat "hard-boiled" in their methods. Such methods are necessary with the lower income groups, since changes in financial conditions are usually sudden. The flexibility of collection procedure must be equal to the occasions which may suddenly arise.

As the class of customer improves, there is a decreasing need for severity in collection policy. This is as it should be, for the majority risk is better as the income range of the customers improves. Moreover, Regulation W compels the placing in default all accounts not paid within the forty-day period. This habit, now being formed, can be of inestimable value in post-war collection procedure.

In the past, we considered ninety-day accounts as satisfactory. I have been of the opinion that a liberal policy in passing on the credit risk is the best policy. In fact, we continue this liberality to our collection policy, shunning the use of "hard-boiled" methods to effect collections. All our efforts are directed to trying to make our customers understand that we expect payment promptly and according to terms. Consequently, our efforts to collect are tempered with our desire to keep the goodwill of the customer. *And it is the goodwill of our store that we insist also be uppermost in the minds of our outside collection sources.*

In any city, only a minor portion of the community are careless about their credit standing. This is especially true in Philadelphia, now that we have a well organized Community Credit Bureau which has more than 2,000,000 records in its files. Obviously, unforeseen emergencies do spring suddenly upon customers and prevent their paying as they originally planned. Keeping these customers in mind, we try always to be politely insistent in requesting payment. If the customer really has the desire to pay, she will contact us. When she

does, a new arrangement of repayment is worked out to our mutual satisfaction.

It is my sincere belief that any collection system that is installed to meet the needs of a particular community and class of trade will be successful. In our case, our collection system is based on the usual progressive scale, commencing with mild reminders. These are mailed periodically until the delinquency reaches the more advanced stage when personal attention is required. The account is then referred to our collection managers who are guided by our three "P's"—Politeness—Persistence—Patience.

When the collection manager's personal attention does not bring forth the money, the account is then referred automatically to outside sources. In our store, we first give 100 per cent of all accounts—both installment and open accounts—to the Credit Bureau for a period of 90 days. This 90-day interim between our efforts and legal action is another opportunity that our store gives to our customers to enable them to keep a good credit record in the community. We do not want the Bureau to use forceful methods, but bear in mind our goodwill, to continue with our three "P's," stressing the loss of standing creditwise in the community if payment is not made.

We do not want the Credit Bureau to take Court action. The Credit Bureau's place in the economy of our city requires that it keep on a high plane, retain the respect of the customers and be a factor in the community without any disagreeableness.

Court Action Not Wanted

This may not seem fair to the Bureau, particularly since its rate of commission is only 10 per cent if the account is given to them within a delinquency period of 6 months. It pays dividends, however, to the store, to the customer, to the Bureau and to all its members. It gives the customer another chance to keep his credit record good; retains the customer's goodwill and promotes the Bureau. Everyone benefits and the Bureau can operate without a loss. The Credit Bureau, by screening out those customers who want to pay and keep their record good, permits us to feel confident in insisting that our attorneys start immediate legal action when the Bureau returns the account. Customers who ignore the Bureau's efforts to protect their credit records do not want, nor do they intend to keep a good credit record generally.

Furthermore, I expect the attorneys to continue just where the Bureau left off. The final notice of the Bureau to the customer states just such action is to follow. As mentioned above, each collection step is dependent upon the one previously taken. Our entire procedure, therefore, becomes one continuous collection policy, until final payment is made or the account is charged off.

When the account reaches the attorney, whether the Bureau's attorney or our own, I do not want him to

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take the "cream" and return the more difficult cases to be charged off. He must consider each one equally important and give each one the same careful and efficient treatment. To this end, we proffer our attorneys the fullest cooperation. We do not hesitate, at any time, to go to their office nor do they hesitate to come to our office for consultation.

After years of experience in department store collections, I feel that I am justified in asserting that neither the attorney nor the Credit Bureau should be burdened with making weekly or even monthly reports. We should have sufficient faith in them to accept a periodic report of progress, i.e.: receipt of cash; notice of customer being served; date judgment is entered; the date of garnishment; etc. *One of the ways to keep down collection costs is to eliminate unnecessary and old-fashioned reports of progress and give the attorneys the extra time to contact debtors. Every minute that is taken to make out a notice to us is a minute lost from collection work. Collections are made by contacting the debtor, not by notifying us that certain routine action has been taken.*

The subject of fees is, of course, important to both the attorney and to ourselves. There are attorneys who are willing to work for lower than average fees but they take the "cream." I feel that our Credit Bureau and attorneys should have a fair and equitable fee for services rendered. They cannot do an efficient job if their fee does not attract their best efforts. If they are given the opportunity to make a profit, they will do a much better job. By eliminating unnecessary acknowledgments, credit bureau and attorney fees can be kept at a minimum. We know this to be a fact for we are doing it in our store.

The question of how long an attorney should retain an account is rather difficult to decide. The time limit of the Credit Bureau, however, should be 90 days. During this period they should be able to interview the debtor, either by telephone or by an outside collector, and reach a definite conclusion.

Summary of Thoughts

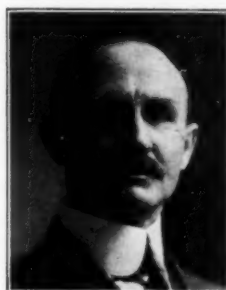
A summary of my thoughts is as follows:

1. I want an honest rendering of services. The Credit Bureau and the attorney must make every effort to collect with every means at their disposal. This means letters, telephone calls, visits at the home, and legal action.
2. I expect them to be fair with the debtor. Name calling, threats, and all other abuses are taboo on my accounts. The debtor may not be in a position to pay an account at the moment but he must still buy his everyday needs. We want to retain his goodwill and get our share of his cash business.
3. They must give our office full cooperation.
4. We want a quick, systematic follow up. The longer the balance owed, the more difficult it is to collect and the more skips that must be located.
5. We want progress reports only when specific action is taken.
6. We want prompt remittances.
7. We expect results so that the percentage of accounts collected will make it worth while for both of us.
8. In conclusion, I keep before me constantly, and want the Credit Bureau and attorneys to do the same, that the reputation of our store is made or injured by its credit and collection department policies. ★★★

Credit Careers

William Browne

IN RECOGNITION of a half century of service to C. F. Hovey Company, Boston, Massachusetts, William Browne, Credit Manager Emeritus of Hovey's, was honored at a testimonial dinner meeting of the Retail Credit Association of Boston on March 20.



Mr. Browne has been confined to his home by illness for the past several months and, although he has improved considerably, he was still unable to attend the meeting. Because of this, a special arrangement was made with the New Eng-

land Telephone and Telegraph Company whereby microphones, installed in the dining room, carried the entire program by special line to a loud speaker in his living room where he and a few relatives and friends listened in as he was eulogized.

William J. Starr, perennial Secretary of the Retail Credit Association of Boston, spoke briefly covering Mr. Browne's Association membership of thirty years. John J. Canavan, Manager, Merchants Credit Bureau, told of Mr. Browne's interest in that organization of which he was the Operating Council's first Chairman and generally referred to him affectionately as the "Father of the Merchants Credit Bureau."

Walter M. Stone, Vice-President and Treasurer, C. F. Hovey Co., then spoke of Mr. Browne's fifty years with the store covering the history of his long career from March 18, 1895, to the present as Credit Manager Emeritus and member of the Board of Directors.

The Testimonial Committee included Messrs. Hartford, Chairman; Fowler, Starr, Mawn and Mullett. They were assisted by Albert A. MacDonald, Wm. Filene's Sons Co., retiring President of the Association, John J. Canavan and Richard A. Herrick, C. F. Hovey Co.

Mr. Browne has always been active in church affairs in Boston. He has also been a strong supporter of the National Retail Credit Association through the years and was active in handling the affairs of the sixth annual convention of the N.R.C.A. held in Boston in August, 1918. He contributed three outstanding articles for *The CREDIT WORLD*: *Consumer Credit Stands the Test*, in December, 1932, *The Goal Is the Problem*, in January, 1933, and *Equipment for Handling Deferred Accounts*, in August, 1933.

The National Office is proud to add their felicitations to those of his associates in Boston and joins his friends throughout the country in wishing him health and happiness for many years. He has had an enviable career and the success which he has achieved is well merited.

Promoting Better Letters

— Charles R. Riker —

"It is desired to thank you for your interest in this matter."

"We trust you will favor us with a refund."

"After considerable effort on the part of all concerned, we find . . ."

As long as sentences like these are dictated by business correspondents who are completely unaware of, or blandly unconcerned about, graphic and forceful and interesting expressions of ideas, it will be necessary for executives to promote better letters. Many dictators pay no attention to the friendly or unfavorable connotations of the phrases they use. So long as they refrain from the major insult direct, they ignore the little innuendoes which may, nevertheless, be big enough to arouse harsh antagonism.

Letters give definite impressions of the firms from which they come. Letters are actual business representatives; they help to establish the reputation of a business house. To impress this fact on inexperienced correspondents and to recall it to the attention of veterans, is one of the principal functions of a letter-improvement program. Effective correspondence is just as definitely a part of the general sales program as are calls by salesmen.

At Westinghouse such a project is at present centered around *Our Letters*, a single-sheet bulletin whose purpose is to create a consciousness of letter quality and bring about more proficient correspondence. Distributed monthly, it is intended to reach everyone who has occasion to write letters for our company. It tells the correspondent how to write a good letter; it is not offered as a grammar review or as a loose-leaf reproduction of a handbook on English.

The ordinary correspondent has the mental background of "Oh, what's the difference; he'll know what I mean. Anyway, he doesn't write any better letters than I do." Breaking down this mental attitude is one of the major objectives of *Our Letters*.

Other correspondents object, "If I spend too much time thinking about choice of words or sentence structure or those 'unfortunate connotations,' then I forget what I am trying to say." The obvious answer is in the development of suitable habits, not only of word selection and sentence structure but also of mental attitudes.

Some business writers have the idea that, because of long experience in writing letters, they must be good, a misconception apparently based on the old adage that "Practice makes perfect." However, practice without

constant constructive criticism merely gets a writer into a rut and establishes existing bad habits more firmly. Through *Our Letters* we endeavor to promote self-criticism and the personal application of the lessons so learned.

Most of our correspondents believe that their letters are good enough to get by. Hence, the principal idea behind the bulletins is to wake them up to the need of writing better letters and to arouse their interest in doing so. From the busy executives to the beginner, correspondents shy from the idea of spending time and effort on improving their correspondence. They must be persuaded that better letters will make their own work easier and more effective. Our aim, then, is to show in a diplomatic way just what is wrong and how to change formal and trite lines into simple conversational letters.

A primary requisite is to induce people to read *Our Letters*. Across its masthead a broad band of orange yells for attention, and newspaper and advertising techniques mark each issue. For instance, an arresting headline that tells the story in a nutshell and catches attention is accompanied by an appropriate quotation which adds authority and emphasis. A very important auxiliary is a cartoon which helps by repetition of the central idea to accent a point made. Those sketches must illustrate that point; if they also cause a grin, the suggestion to the dictator is more likely to be remembered. I have had correspondents ask for the original drawings because "That one is me all over!"

Short Paragraphs Have Interesting Appearance

Short paragraphs of varying width and type size give a more interesting appearance. Experience has proved that an informal man-to-man style written in the same friendly tone advocated for business letters is most effective.

In general, correspondents are likely to be bewildered at having their pet traditions upset. For example, I have opposed the use of the editorial "we" or other ponderous subterfuge to avoid the singular pronoun "I." To be sure, we should talk about the recipient of the letter or the equipment rather than ourselves. However, friendliness involves two persons. There is no harm in an occasional "I" in what is essentially a "you" letter. In fact, it helps to promote a personal and friendly attitude. "We" should be limited strictly to a plural antecedent. "The writer," "the undersigned," and such devices are always clumsy affectations.

That idea was illustrated by a facetious example which made a big hit. "Can you imagine a young lad whispering into a dainty ear, 'It is love you are being extended herewith?'" The masters of poetry and song all sing "I love you." The same thought was also illustrated with cartoons intended to show that "I" is friendly, whereas "we" is stiff and formal.

It is a major feat to get readers to absorb an idea new to them. Recommendations presented in *Our*

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Letters are fed to them one at a time with numerous examples. Understanding and conviction are furthered by repetitive emphasis made by stating the whole idea in the first sentence, repeating it with examples throughout the text, and finally summarizing in different words. Each issue of the bulletin carries one tangible idea which can be put into practice immediately without too much effort.

It is important that a correspondent be asked to do only what he can easily do with his present knowledge and training. Most correspondents cannot be expected to make an elaborate study of some phase of the subject. Even vocabulary improvement can be made very simply, one word at a time. For this reason our correspondents are urged to say everything their own way, in their own natural language. Not only is this easier for them, but also the result is usually less stiff and formal, more friendly and more interesting. The informal, natural style is nearly always grammatically and rhetorically good enough. Actual grammatical errors are quite rare.

The only method of determining just what shortcomings need to be corrected is by analyzing carbon copies of actual letters representing a cross section of all company correspondence. Review of thousands of such letters reveals those which will serve as examples, good or bad. These are classified and filed under Impersonality, Gross Carelessness, Incomplete Information, Frame of Mind, and such headings.

Better than any preconceived notions of what needs to be accomplished, these carbon copies provide examples of general weaknesses and of the types of problems which correspondents must handle through letters. They are the basis for the entire letter-improvement program and serve as a guide in planning the contents of *Our Letters*. Comments from bulletin readers show their realization that I am writing about their own particular faults—and that they are trying to follow the suggestions. Care must be exercised constantly to try to get them to take a personal attitude, to apply the idea to their own letters rather than those of the man across the aisle.

It is highly probable that the bulletins have never expressed an idea which has not been previously covered in a textbook. Such books are freely consulted to make sure that our recommendations are in line with current best practices. Without reference to the books, however, each bulletin is directly aimed at some fairly widespread weakness manifested in current correspondence. Originality of treatment is enhanced by sticking to the correspondence and staying away from books.

Specific Illustrations More Desirable

The ordinary correspondent is in no way interested in a hypothetical example picked out of a textbook. However, he will open his eyes if presented with a specific illustration actually written by a fellow employee. Examples of poor practice should be accompanied by explanations as to why they are unsatisfactory and why the suggested improvements are better, and must be presented without ridicule and without identifying information. All dates, names of people, places, and equipment should be fictitious.

General subjects are covered by a series of bulletins, each dealing with one particular phase. Some of those topics are: Importance of good letters; Criticizing and

improving letters; Letter-writing habits; Friendliness in letters; Personality in letters; Organized thinking in letter writing; Technique in letter construction; Planning the letter; and Specific letter problems. As the need appears, certain ideas are used again, each time with a fresh approach.

For the sake of variety, in occasional contests prizes have been offered for the best statement of an opinion or criticism or revision of a published letter. Outstandingly successful among them was that in which stenographers were asked to express their views on methods of dictation and to offer suggestions for improvement.

Reader reaction to the better-letter bulletins is varied. Comments which pour in after distribution of each issue and the constant requests to be added to the mailing list indicate a wide interest. Any negative criticism (as there must be among 6,000 readers) is a sign of strong letter consciousness which, as stated above, is one of the bulletin's aims. Criticisms which indicate that a correspondent has been aroused to serious thinking on improving correspondence, even though he may disagree with some details, are considered an indication of the success of the general program.

Along with our aim to produce good letters is the hope that *Our Letters* will bring about clearer thinking among our correspondents. Words being the basis of thinking, a man with a limited vocabulary of vague, general words can have only that kind of ideas. To express masterful thoughts, a man must command words to permit clear, definite thinking. Good correspondence cannot result from inadequate thinking. ★★★

What Kind of Letters Do You Write?

STREAMLINED LETTERS

This 450-page textbook by Capt. Waldo J. Marra, formerly Correspondence Director, Bank of America, San Francisco, Calif., tells how to plan letters and get positive results . . . how to secure eye appeal through correct letter form . . . how to write credit, collection and adjustment letters . . . how to improve vocabulary.

Price, \$4.00. (A copy is included in subscription to our Streamlined Letters Extension Course costing \$5.00. Write for particulars.)

Order from

NATIONAL RETAIL CREDIT ASSOCIATION
Shell Building St. Louis 3, Mo.

★ ★

National Membership Activities

On the Last Lap

TO ATTAIN our goal of 3,000 new members, and a net gain of approximately 1,500 by the close of our fiscal year May 31, special effort must be put forth by the Membership Committee. The cooperation of all members will be helpful and greatly appreciated.

Assist your Local Association to increase its membership and in cities where there is no local unit of the National, make an effort to organize one, or at least to interest individual credit granters in National membership.

As of the close of March, our membership totaled 16,038, a net gain of 888 for the ten months' period. There is a possibility that we will finish our year close to our all-time high of 16,986, which was reached in December, 1941.

We are indebted to Harold A. Wallace, Secretary and General Manager of the Associated Credit Bureaus of America, for enrolling 51 bureaus, and to Elmer A. Uffman, Manager of the Collection Service Division of the ACB of A, for reporting 22 National members from his Division. Their cooperation is very much appreciated. To the membership workers who have participated in the drive which has been outstandingly successful, we say "Thank You."

Due to the delay in completing the membership committee and getting our drive under way, no changes are anticipated in the committee personnel, with the possible exception of additions thereto, for the year ending May 31, 1946. As announced in the March CREDIT WORLD, prizes listed in the November, 1944 issue will be awarded to the winners of the campaign for the two-year period, June 1, 1944 through April 30, or May 31, 1946, depending upon the date of our 32nd Annual Conference and Credit Sales Forum, which will be held in Cleveland, Ohio.

Thanks, and good luck to you all!

N.R.C.A. Bulletin Publicity

UNDER THE HEADING "Preparing For Things To Come—Nine Members Get a Head Start," Ralph A. Wagner, Manager, Allentown Credit Exchange, Allentown, Pennsylvania, in his Bulletin for members has this to say about membership in the National Retail Credit Association:

"Membership in the National Retail Credit Association will aid all of our members materially. The Association, organized in 1912, is to the retail credit granter what the National Association of Credit Men is to the manufacturer or the jobber. This Association accumulates experiences of retail credit granters throughout the United States and Canada and passes them on to its members through the medium of its monthly publication, The CREDIT WORLD, only magazine published dealing exclusively with retail credit. In addition, a new member receives a kit of literature such as pamphlets, stuffers, stickers, etc., giving many new ideas regarding collection and business promotional procedure.

"In The CREDIT WORLD, published monthly, you will find articles written by nationally known bankers, credit men, attorneys and merchants themselves. Each month you will find a series of unusual credit department letters garnered from the four corners of our country. Each month a collection chart is published, showing a breakdown of figures according to individual types of business. During normal times, annual conventions are held—these attended by credit granters from all over the nation. A Legislative Committee functions to guard against unfavorable credit laws.

"Certainly, with the existent uncertainty as to post-war credit terms, there would be no better time to become a member of this 30-year old National group of credit granters. Your Credit Exchange has been a member since 1928. Many cities of comparable size have 100 members enrolled. And we are glad to see the interest already shown this past week. As a test, we contacted personally eleven stores near the offices of the Credit Exchange. Nine have enrolled.

"Annual membership to the National Retail Credit Association is \$5.00, which includes the monthly magazine. Simply sign the attached and we will arrange for your membership. You may send us your check or we will include the amount with your next monthly bill."

We need the help of all our Bureau Manager members in our membership drive. Why not include a paragraph, similar to the above, in your next Bulletin? *It will pay dividends.*

-New Members-

June 1, 1944, through April 16, 1945

District	New Members
4	281
10	221
12	191
3	161
7	146
8	145
6	113
2	110
5	102
11	83
13	72
9	67
1	42
Total	1,734

Credit Musts

1. Require a complete application containing the following:
 - A. Given name, middle initial and correct spelling of last name.
 - B. Full name of wife.
 - C. Number in family.
 - D. Last residence address and if resided there less than two years, the last previous address.
 - E. Whether owns home, boards or rents.
 - F. Name of employer. If more than one position held in the past three years, name of former employers covering that period of time.
 - G. Positions held and, if possible, the department in which applicant was employed.
 - H. Names and addresses of trade references, both open credit and installment.
 - I. Bank references, and whether checking or savings account.
 - J. Name and address of one friend and one relative.
2. Obtain a full report from your credit bureau.
3. Be sure your credit terms and policies are understood by the customer.
4. Educate new customers to the importance of prompt payments. Follow such accounts in the early stages of delinquency.
5. Report to the credit bureau any account more than 90 days past due.
6. Permanently close accounts of chronic slow paying customers.
7. Do not permit the pyramiding of accounts. Observe credit limits, and if the customers are entitled to larger limits, increase them.
8. Deferred payment accounts should have the same intelligent handling:
 - A. Complete credit reports are essential.
 - B. Instalments should be followed in from three to five days following maturity.
 - C. Don't permit instalment customers to overbuy because they are to pay in monthly payments.
 - D. Follow customers for additional business, if payments have been met in a satisfactory manner and not more than three instalments remain unpaid.
9. Inactive charge accounts should be followed monthly and the reason for inactivity ascertained. This attention is appreciated and builds sales.
10. It is your responsibility to:
 - A. Increase credit sales.
 - B. Collect accounts promptly.
 - C. Build good will for your firm.



It's Teamwork That Counts

AS IN A GAME, so in business, teamwork is the principle that should be applied. This is an age when things are done by teamwork; no individual can accomplish much unless he has the cooperation of others to help him. Every manager of credit sales should make it a point to help his fellow credit granter, and the credit bureau in which he holds membership.

Don't condemn an organization because its entire program does not meet with your approval! Every individual makes mistakes, and every organization makes mistakes. The credit bureaus are not exceptions, but they are headed in the right direction and are doing an immense amount of good. As a member, be a booster, don't pass the buck.

You cannot expect to get any good out of an organization unless you try to put some good into it. If you haven't been doing it, now is the time to start. A credit report is an actual copy of the picture, painted by the person applying for credit, nothing more, nothing less.

The credit bureau has nothing to do with the painting of the picture, its job is to give a thorough and accurate copy of it. The credit bureau does not create credit reports, but it gives the accumulation of information relating to credit standing. Credit reports are an accumulation of facts, painstakingly prepared, through the cooperation of the manager of credit sales.—Dean Ashby, *Credit Manager*, M. L. Parker Company, Davenport, Ia.

New Slogans Suggested

LEONARD BERRY, Credit Manager, B. Forman Company, Rochester, New York, was impressed by the slogan originated by J. Davids, L. Frank Company, Washington, D. C., which appeared in the February CREDIT WORLD and was thereby prompted to suggest the following excellent credit slogans:

"Sound judgment comes from full and correct information. Poor judgment from hunch or guesswork."

* * *

"Your credit judgment is only as sound as your information. Let your Credit Bureau inform you. It has the full and correct information necessary for your good judgment."

* * *

"Successful credit granting is based on information, not intuition. Use your Credit Bureau for complete information."

* * *

"Information Versus Intuition. When your Credit Bureau supplies the information, you win."

Help Wanted

EXPERIENCED MANAGER for merchant owned Credit Bureau in southern town of 50,000. Collection experience necessary. Good opportunity for capable, energetic man. State full experience. Replies confidential. Address Box 551, CREDIT WORLD.

Regulation W Violation

THE BOARD of Governors of the Federal Reserve System announced the suspension from March 19, 1945 to March 23, 1945, the licenses under the Board's Regulation W, of a loan company and its two branches located in St. Louis, Mo. The Board, acting under authority of Section 5(b) of the Act of October 6, 1917, and the President's Executive Order No. 8843, ordered the suspension of the licenses because of failure to comply with the provisions of Regulation W, with respect to loan credits. All of the terms of the Order were agreed to by the Registrants, who have given their assurance that they will hereafter comply with all the provisions of the Regulation.

The violations included two of a general nature:

- (1) Statements of Borrower incomplete; not obtained; inaccurate.
- (2) Statements of Necessity incomplete; improperly used.

Specific violations included:

- (3) Maximum credit value of listed articles exceeded in the making of loans, the proceeds of which were used to purchase such listed articles.
- (4) Granting of longer terms than permissible on installment obligations.
- (5) Violations of Section 11(a), 11(b) and 11(c).

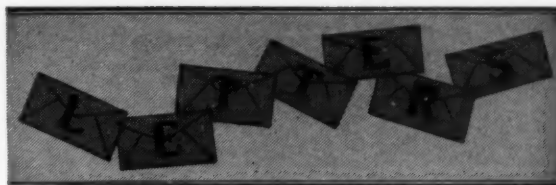
Under the order, the several offices were closed during the suspension, except for the purpose of accepting payments on existing obligations. The offices were posted to that effect. The terms of the order did not prevent payment of obligations owed by the Company including salaries and wages of employees.

Have You Cashed a Forged Check?

TODAY, countless payroll, commercial, private and Government checks are being sent through the mails. Check forgers know these checks are in the mails and frequently letters containing checks are stolen from apartment or house letter boxes after delivery by the letter carrier. After this occurs, the thief obtains a Social Security card, a Selective Service Registration card, or something similar, as identification, and then cashes the stolen check on a forged endorsement.

Have you cashed a check which your bank has returned as having a forged endorsement? If you have, it is reasonable to assume the check was stolen from a letter box. One of the duties of Post Office Inspectors is to investigate the theft of letters from letter boxes. Such investigations often result in the apprehension of letter box thieves.

You should notify your local Post Office Inspector when such a check is returned to you from your bank. This information greatly assists in the arrest of the thief, and prevents him from continuing his activities. The Post Office Department has a standing offer of a reward for information leading to the arrest and conviction of letter box thieves.—*Post Office Department, Bureau of the Chief Inspector, Washington, D. C.*



"Chapter five, Investigating and Analyzing The Risk, of your course 'Retail Credit Fundamentals' was especially interesting to me since our business is comprised for the most part of installment accounts. I enjoyed the entire course tremendously and highly recommend it to anyone interested in credit work."—Stanley R. Wright, Credit Manager, Johnstown Sanitary Dairy Co., Johnstown, Pa.



"The 'Journeys of the General Manager' in the March CREDIT WORLD was read with great interest and I am looking forward to the April issue at which time I hope you get to Winston-Salem."—H. E. Haworth, Credit Manager, Rominger Furniture Co., Winston-Salem, N. C.



"Under the circumstances, I think your decision to discontinue the Collection Scoreboard and Barometer of Retail Business is sound. With the present shortage of employees in our stores, getting these figures each month was a real problem."—Frank T. Caldwell, General Manager, Retailers Credit Association of San Francisco, San Francisco, Calif.



"Thanks for placing my name on the mailing list to receive The CREDIT WORLD regularly. I shall enjoy keeping in contact with my old friends."—John N. Keeler, 3229 S. E. Crystal Springs Blvd., Portland 2, Ore.



"Thanks for your nice letter welcoming me into the N.R.C.A. The credit forms and material which I received have been most helpful. Many new ideas are being incorporated into our letters and collection procedure. You can attribute my joining to Wm. F. Kalas, Meigs & Co."—Harold C. Spero, Lee Brothers Furniture Co., Bridgeport, Conn.



"Several of our members have commented on the new membership plaque most favorably. We have also found the kit of printed matter a big help in selling N.R.C.A. memberships and you are to be complimented on developing such fine material."—Stannard M. Butler, Credit Manager, Schenectady Union-Star, Schenectady, N. Y.



"Our organization greatly appreciated your including Savannah on your itinerary and all those present at the meeting which you addressed expressed their gratitude for your having come. The membership work is now under way and we expect to report at least 25 new members in the next two weeks."—Murray B. Weldon, Secretary, Associated Retail Credit Managers, Savannah, Ga.



"For the past two weeks we have been using items at our meetings which we have taken from the January CREDIT WORLD, such as Don'ts and The Most Important Credit Problems for 1945."—E. S. Weidruft, Vice-President, Fort Worth Retail Credit Men's Association, Fort Worth, Texas.



"Congratulations on your new feature *In the News*. I think it is excellent. There is so much being written about present conditions and postwar plans in all the trade publications and newspapers that it is hardly possible to keep up to date and ghost readers are indispensable."—H. L. Bunker, Credit Sales Manager, H. C. Capwell Co., Oakland, Calif.



"I would appreciate a new membership card. While I was in the Army, my N.R.C.A. membership card would cash checks and get hotel rooms for me when everything else failed."—Gordon K. Morrison, Manager, Amarillo Credit Association, Amarillo, Texas.

CREDIT FLASHES

Pendergast Heads Wichita Credit Men

Wayne Pendergast, Mueller's Florist, was elected President of the Wichita Retail Credit Association, Wichita, Kansas, for 1945 at a recent annual meeting of the Association. Elected First Vice-President was Walt Anderson, Southwestern Electric Co.; Second Vice-President, Jerry H. Simpson, Insurance; and Secretary-Treasurer, H. L. Low, Low Printery. Directors include: Dr. G. E. Tilton; Royce Sehnert, Wichita Eagle; J. S. McBride, Geo. Innes Company; Warren Jones, Henry's Clothing Company; and C. E. Waggoner, Manager, Wichita Retail Credit Association.



Pendergast

A. Harris Promotes Fred Marth

Fred C. Marth, Credit Manager and Assistant Secretary, A. Harris & Co., Dallas, Texas, was promoted to Secretary at a recent meeting of the executive board. He will also continue his duties as Credit Manager. Mr. Marth is Past President of The Retail Merchants Association of Texas, the Dallas Retail Credit Men's Association and at present is President of the Dallas Retail Merchants Association.

C.W.B.C. of N.A. Mid-Atlantic Council Election

New officers were elected for 1945 at a business meeting of the Mid-Atlantic Council of the Credit Women's Breakfast Clubs of North America in Washington on February 20. Miss Edna Kennedy of the Pittsburgh Club presided. They are: President, Miss Francie E. Rowe, Washington, D. C.; 1st Vice-President, Mrs. Helen Bolling, Richmond, Va.; 2nd Vice-President, Miss Ruth Judge, Pittsburgh, Pa.; Treasurer, Miss Marian Ferguson, Danville, Va.; Recording Secretary, Mrs. Iva Bowman, Allentown, Pa.; Financial Secretary, Miss Vivian Hurd, Roanoke, Va.; Historian, Miss Mildred Kline, Reading, Va.; and Corresponding Secretary, Mrs. Edith Barker, Washington, D. C. Mrs. Kitty Lofton, President, of the C.W.B.C. of N.A. was also present.

Credit Bureau of Milwaukee Incorporated

The Credit Bureau, Milwaukee, Wisc., which has operated as a division of the Milwaukee Association of Commerce for more than 30 years, has been incorporated as a separate entity as the Credit Bureau of Milwaukee, Inc. The incorporators are Max E. Friedman, Harry J. Bell, and Fred S. Krieger, the Bureau Manager for twenty-five years.

New England Credit Grantors Postpone Meeting

The annual conference of the Retail Credit Grantors of New England, which was to have been held in Swampscott, Mass., in the late Spring, has been definitely cancelled.

Major M. G. Riley in South Pacific

Major Morris G. Riley, former manager of the Merchants Association Credit Bureau, Kansas City, Mo., is now in the South Pacific with a bomber group. He will be glad to hear from his many friends. His address is Major Morris G. Riley, 0-473913, Headquarters, 9th Bomb Group, APO 18120, c/o Postmaster, San Francisco, Calif.

Cathryn Sullivan Honored

Miss Cathryn Sullivan, Credit Manager of the Hotel Morrison, Chicago, was elected president of the Chicago Hotel Credit Men's Association at a dinner meeting held recently at the Edgewater Beach Hotel. Miss Sullivan is widely known among the traveling public of the United States and throughout the Hotel industry. She was Chairman of the Hotel Group at our New Orleans Convention in 1942.

Houston Credit Men in Service

The following members of the Houston Retail Credit Association of Houston, Texas, have joined the armed forces: W. L. Jones, Houston Light & Power Co.; A. L. Shumate, United Gas Company; L. E. Newton, Battelsteins; Kermit L. Warnasch, Fulton Stationery; David L. Krone, Turner Clinic; George B. Adams, Rice Hotel; H. A. Pittman, James Furniture; Jack Bleker, Barnett Printing; William A. Weitzel, Lechengers; C. R. Allen, Jr., Allen-Casperson; George H. Lewis, Jr., George H. Lewis Company.

Marion O. Brooks Honored

On Wednesday evening, March 14, 1945, a testimonial dinner was held at the Heidelberg Hotel, Baton Rouge, La., in honor of Marion O. Brooks, who is now serving as Secretary-Manager of the Lake Charles Credit Exchange, Lake Charles, La.



Guests included members of the Board of Directors of the Retail Merchants Credit Association of Baton Rouge and many other friends who have served with Miss

Brooks in the credit field for a number of years. Out-of-town guests included Ralph W. Matthews, Manager, Merchants Credit Bureau, Battle Creek, Mich.

Many fine tributes were paid to Miss Brooks and attention was focused on her contributions to the credit field while serving as the second President of the Credit Women's Breakfast Clubs of North America, President of the Fourth District of the National Retail Credit Association and as President of the Retail Merchants Credit Association of Baton Rouge. For many years she was Credit Manager, Belisle's, Baton Rouge, La.

Miss Brooks is held in the highest esteem by all who know her and she is looked upon as one of the outstanding credit women of North America.

Winners in Unique Contest



Henry Martin, Credit Manager, Halliburton's, Oklahoma City, Okla., won first honors in a loud necktie contest staged by the Oklahoma City Retail Credit Association. Edith Mosher, Credit Manager, Harry Katz, won first place for the craziest chapeau. The real winner was the Red Cross fund which received contributions from all members of the Association who did not win. Picture of the two winners is shown above.

John W. Stiers Awarded Plaque

John W. Stiers, Secretary-Treasurer, Houston Trunk Factory, Houston, Texas, was awarded the Association's plaque for outstanding service at an annual meeting at the Rice Hotel. Leopold L. Meyer, retiring President of the Association and Past President of the National Retail Credit Association made the presentation. He said, "It is all too often that those who work behind the scenes pass by unnoticed while officers receive credit for accomplishments not effected by their own interests." Mr. Stiers worked night and day coordinating the internal office statistical operations of the Association even though he held no office. Below is a picture taken at the presentation. Mr. Stiers, on the left, is receiving the plaque from Mr. Meyer.



Recent Elections

New York, New York

The following officers and directors of the Associated Retail Credit Men of New York City were unanimously elected for the fiscal year starting April 1, 1945: President, Louis H. Jacobs, Ovington's; and Vice-President, John M. Hilgert, Lord & Taylor. Directors: Rudolph M. Severa, R. H. Macy & Co.; Philip Gleason, Abercrombie & Fitch; George Miller, Arnold Constable & Co.; Morton B. Doremus, Rogers Peet; Albert S. Kleckner, Namm's; L. C. Bunnell, Peck & Peck and John H. Rudd, Jr., Hotel Pennsylvania. Directors continuing in office are: A. J. Kramer, Howard B. Jackson, Fred W. Dornoefer, James H. Malloy, H. C. Squires, and Walter E. Baab. The Treasurer and Secretary are elected at the first meeting of the Board.

Salt Lake City, Utah

The Associated Retail Credit Men, Salt Lake City, Utah, has elected the following new officers and directors: President, Wendell Romney, Credit Manager, Z.C.M.I.; Vice-President, Roscoe Grover, Credit Manager, First National Bank; Secretary and Executive Vice-President, Harry P. Earl; Treasurer, George Burton, Vice-President and Secretary-Treasurer, H. Dinwoodey Furniture Company. Directors to serve for three years: Harold Gloe, Roscoe Grover, and Eldon Taylor. Directors continuing in office: L. E. Banker, George Burton, Alex Jex, Robert Pedersen, Wendell Romney, and K. P. Todd.

Fort Smith, Arkansas

The Credit Division, Fort Smith Retail Credit Bureau of Fort Smith, Arkansas elected the following officers and directors for 1945: President, Mrs. Francis Smith, Hunt Dry Goods Company; Vice-President, Miss Edna Short, King Clothing Company; Treasurer, R. F. Brochus, First Federal Saving & Loan Association and Secretary Manager, G. I. Matthews, Fort Smith Retail Credit Bureau. Directors: J. B. Haberer, Boston Stores; Oscar Fentress, Fentress Mortuary; E. L. Jordan, Oklahoma Gas & Electric Company; Mrs. Fred Pearson, Pearsons' Grocery; J. R. Purdom, Eads Brothers Furniture Co.; Hugo Seelbinder, Arcade Department Stores; Miss Ruth Word, Troy McNeil Co.; and Robert Woolsey, Holt Krock Clinic.

Winnipeg, Manitoba

The Credit Grantors Association of Winnipeg, Manitoba, Canada, has elected the following officers and directors to serve during 1945: President, C. A. Markle, G.M.A.C.; Vice-President, E. G. Moor, Modern Dairies Ltd., and Secretary-Treasurer, F. E. Womersley, Credit Clearing Bureau. Directors: J. L. Norrie, Security Storage Co. Ltd.; Knud Schioler, Schioler & Co.; G. N. Abbott, Hudsons Bay Co.; H. Genser, Genser & Sons Ltd.; C. Clark, Crescent Creamery Co. Ltd.; T. Knox, Canadian Oil Companies Ltd., and A. C. Lewsey, Winnipeg Paint-Glass Co. Ltd.

Credit Department Letters

Waldo J. Marra

HERE IS A letter that James Russell Lowell once wrote to his friend, Nathaniel Hawthorne, introducing to him William Dean Howells, who later became a famous American poet and novelist.

You will notice that the letter is both sincere and cordial; and yet its tone of levity makes it possible to pass off the introduction of the young poet to an old friend of Lowell's in an easy, friendly manner:

Cambridge, Aug. 6, 1860

"My dear Hawthorne:

"I have no masonic claim upon you except community of tobacco, and the young man who brings this does not smoke.

"But he wants to look at you, which will do you no harm and him a great deal of good.

"His name is Howells, and he is a fine young fellow, and has written several poems in the Atlantic, which you never read because you don't do such things yourself, and are old enough to know better. . . . If my judgment is good for anything, this youth has more in him than any of our younger fellows in the way of rhyme.

"Of course, he can't hope to rival the *Consule Planco* men. Therefore, let him look at you, and charge it

To yours always,

J. R. Lowell"

Wouldn't you like to be introduced to a friend of yours that way? How often have you sent a friendly letter to a friend regarding the ability of a young man who has real talent in the line that your friend represents? Or have you found yourself falling back into the routine method of introduction that starts something like:

"This will introduce to you Mr. William D. Howells whom I have known for several years, etc."

This Month's Illustrations

In *Illustration No. 1*, the Phoenix Furniture Company of Beaumont, Texas, shows real ingenuity in taking advantage of a newspaper "story," dealing with the honesty of creditors, and using the release as a basis for collection. The letter itself assures the reader that "we know that you are in the 98 per cent bracket" mentioned in the newspaper "story," and then suggests that the customer call for a discussion of his account.

In commenting upon the gratifying results of the letter, Mr. V. A. Bradford, Credit Manager, stated that the "results were surprising. I felt as though the customers had been informed of their delinquent account balances sufficiently; (through previous letters) therefore, I mentioned nothing of how much was owing nor for how long. I merely let the news item play upon their conscience, and appealed to their honesty."

This opportunity to use a news release in place of a collection letter does not come to every retail establish-

ment. It is true, however, that ingenious ideas often pass over the desks of retail credit executives; and these could be used, in some cases, to the advantage of themselves and their customer relations.

Illustration No. 2, used by the Paine Furniture Company of Boston, Massachusetts, represents a different type of collection letter. It seeks to find out from the customer by a direct appeal from the President of the company why the overdue balance has not been paid. Notice how the tone of the first paragraph puts the customer on the same friendly footing with the President and immediately breaks down any barriers that may exist. The "meat" of the letter is neatly expressed in the words, "While we are not disinterested, etc." A statement in such form reacts favorably upon the reader and makes him feel obligated to answer the letter, either by making a payment or by giving his reasons for not doing so.

In the last paragraph, the same personal note is maintained when the customer is asked "to write on the back of this letter, using the enclosed stamped envelope which is marked for my personal attention."

Illustration No. 3, used by The City Dairy Company of St. Paul, Minn., represents an excellent example of what might well be called a letter that goes from "effect to cause"; and it results in having the reader come up smilingly with the remittance due. The positive approach and tone used in the first paragraph offers no excuses behind which the customer may hide for not paying. Instead, the writer compliments the reader by assuring her that she had been a "fine customer."

Having created the "effect," Miss Rosalie S. Bunn, the Credit Manager, then goes on to the "cause." The only thing needed to complete the pleasant picture of a satisfied customer is a check for \$4.50. The ending sentence is both positive and action-inciting; and it acts as a climax to a letter that from beginning to end leaves no doubt in the customer's mind that she will do exactly what Miss Bunn wants her to do. 'Nuff said.

Illustration No. 4, used by The Hardy and Hayes Company of Pittsburgh as a collection reminder, is novel in that it follows the social form of a reception or a recital announcement, and consequently attracts favorable attention. Its brevity and novelty get good results.

Illustration No. 5, used by Murphy-Gamble Limited of Ottawa, Canada, and signed by Mr. G. E. Swerdfager, Credit Manager, gets results by using an indirect emotional appeal to "move" the reader to a definite decision. The reader is told that "Beautiful fashions and styles in clothing" are available to her only if she first puts her charge account in order. This is made easy for her in the second paragraph by asking her to call, while the last sentence then appeals to her sense of fairness to do something immediately about her account.

Phoenix

FURNITURE COMPANY
PHONE 4345 • BEAUMONT TEXAS • 702 732 PEARL STREET

98 Per Cent Found Honest In Bill Paying

"Honesty is the pillar of the foundation of the people of the Beaumont area," E. E. Bradford, manager of the Phoenix Furniture Company, said today. "We have been investigating the credit records of our customers for some time, and we have found that 98 per cent of them are honest in their bill paying. This is a very good credit record, and it is a reflection on the character of the people of this area. We have been investigating the credit records of our customers for some time, and we have found that 98 per cent of them are honest in their bill paying. This is a very good credit record, and it is a reflection on the character of the people of this area."

Reprint from local paper dated September 20th, 1944

①

March 22, 1945

Mr. Jack L. Jones
6743 Victory Avenue
Chicago, Illinois

Dear Mr. Jones:

Of course we know that you are in the 98 per cent bracket but for some reason, you have neglected your account.

To let this account continue without payment, is not your intention and we suggest that you arrange to call by our office for discussion.

Yours very truly

PHOENIX FURNITURE COMPANY
V. A. Bradford
V. A. Bradford
Credit Manager

VAB-ah

THE CITY DAIRY COMPANY

Grade "A" ... Pasteurized Dairy Products

ST. PAUL, MINN.

③

January 15, 1944

Miss Ellen Jaynes
Clearville, Minnesota

Dear Miss Jaynes:

It was a pleasure to serve you and Miss Allanson when you lived at the Caswell Hotel. Our driver says that you made as convenient arrangements as possible for him to serve you, asked for no special services, and made no complaints. That to us is a clear picture of a fine customer.

Since you made no complaint, we presume that you liked our service and product as well as we liked serving you.

Now all that is needed to complete this pleasant picture is a check for \$4.50 for your half of the balance due at the time you left St. Paul.

We know you will mail this immediately.

Very truly yours,

Rosalie S. Dunn
Credit Department

RSD-ah

④

The Hardy and Hayes Company
will take pleasure in acknowledging
receipt of your remittance
in the amount of
\$49.63

Pittsburgh

Hardy and Hayes Company

PAINE

Furniture Company
11 Arlington Street, Boston 10

②

November 8, 1944

Mr. H. A. Hartford
101 Dudley Street
Bedford, 55, Massachusetts

Dear Sir:

I feel that it is part of my duty to keep in personal touch as much as possible with our customers, and to investigate all cases where the normal course of a pleasant business relationship has for some reason been interrupted.

Our Credit Department has called my attention to the fact that for some reason unknown to us, our repeated communications concerning the unpaid balance on your account, in the amount of \$49.63, have met with no satisfactory response. While we would not pretend to be disappointed in the money itself, please accept my assurance that we are far more concerned about our good relations for the future.

If some circumstance has arisen to alter the conditions under which you sought and obtained the extension of credit from us, will you please take a moment to tell me about it? Perhaps you will find it convenient to write on the back of this letter, using the enclosed stamped envelope which is marked for my personal attention.

Yours very truly

W. L. Shearer

President

W. L. Shearer, III
mtg

ADDRESS CORRESPONDENCE TO THE FIRM

Murphy-Gamble

OTTAWA
CANADA

MAIL ADDRESS
"MURPHY"

⑤

March 13, 1944

March 13, 1945

Mrs. J. Doe,
64 East Angus St
Ottawa, Ontario

There are so many beautiful fashions and styles in clothing available this spring and yet you are unable to use the charge account which we opened for you because of a little amount still owing from last year.

The balance is \$136.20. Won't you come in and see us about it. You may see the undersigned any time of the day except between 1 and 2 P.M.

In all fairness to you and us some arrangements should be made immediately.

Yours truly,

MURPHY-GAMBLE LIMITED

J. E. Wardrope
(CREDIT MANAGER)

GE/REC

Business Conditions and Outlook

• Trade and Industrial Activity Hold Steady •

BUSINESS ACTIVITY remains very close to the peak and has become more stable at the high levels that have been maintained for many months. The general average of all business, including retail trade and industrial production, is close to 11 per cent higher than even the very high rate of a year ago.

NOT ONLY has the total volume of all business transactions remained relatively stable but also the variations among different parts of the country and different industries are somewhat less than they have been. In a few places, the volume of trade and industry is around 25 per cent higher than last year, while in other places it is a little below. In most sections, however, the rate is not far from the national average of 11 per cent higher.

THESE TRENDS are expected to continue for some time with not more than minor declines until the war in Europe ends. As long as such enormous amounts of money are spent by the government, business volume is sure to remain high. When those expenditures are reduced, many extensive modifications can be expected among communities and among industries.

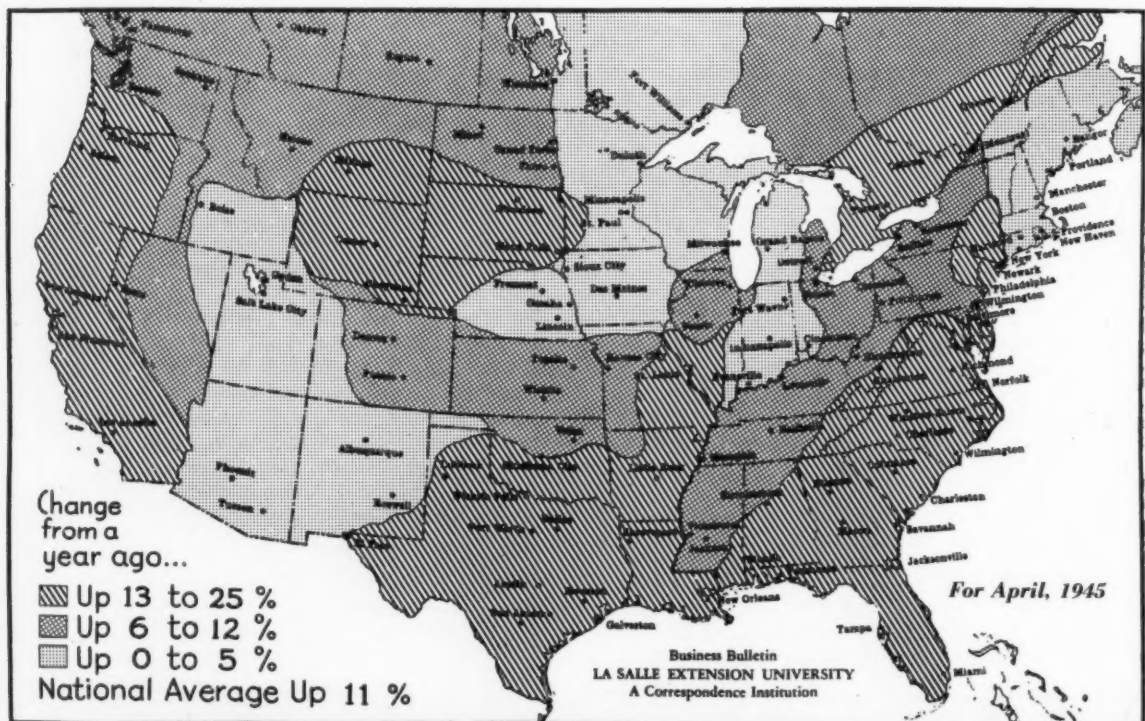
THE GAINS in business volume over last year have been greatest in five regions, although the increase has been almost as great in the industrial region around the Great Lakes. The largest areas of increased business are in the South and Southeast. The region around New York is not so large, but the increase in business volume has been even greater than in other places. Activity along the west coast, especially in California and Oregon has made further gains on top of an unusually high level during the last two years.

Another area of better-than-average improvement is the northern part of farming region of the Middle West.

IN THE NEW ENGLAND states, business has been improving some in recent weeks after the transportation difficulties during the winter. It is still a little below the national average, however, and some further lagging is expected. War production there is going on a high rate, although there has been a slight slowing down in shipbuilding. Shortages of labor and materials among many of the consumer goods industries, especially textiles and shoes, have kept business from expanding as much as it would if these industries could produce all the goods they could sell to consumers with current high incomes.

INDUSTRIES along the west coast are keeping up the high rate of output which they have maintained for several years. The greatest increases have been in the manufacture of aircraft and in the building of ships, which constitute the major war industries of that region. Indications point toward continued high levels of activity, but probably no great further increases can be expected.

THE TREND of business in Canada is about the same as in the United States. In some places the increase has been a little greater and the war industries are turning out enormous quantities of equipment and supplies. The greatest improvement over last year has been in the industrial region of the Great Lakes and along the St. Lawrence River. Agricultural conditions are also more favorable than they have been. The outlook is for continued stability at the present high level.—**BUSINESS BULLETIN**, La Salle Extension University.





MONTHLY CREDIT STATISTICS

Culled from *Federal Reserve Bulletin of the Federal Reserve System*
by the Research Division, National Retail Credit Association

CONSUMER CREDIT outstanding declined about 160 million dollars during February to an estimated total of 5,314 millions. Approximately three-fifths of this reduction was in charge-account receivables, but other major types of indebtedness also showed seasonal declines. Total consumer indebtedness was about 9 per cent higher than the level of year ago.

Instalment loans outstanding declined about 1 per cent during February, or at about the same rate as in the preceding month. Repair and modernization loans showed a small rise in February. Instalment sale credit, other than automobile, dropped about 5 per cent during the month but continued somewhat above that of February 29, 1944.

Charge-account indebtedness showed the customary seasonal reduction in February but was almost 18 per cent above the amount outstanding at the end of February last year.

Ratio of Collections to Accounts Receivable¹

MONTH	INSTALMENT ACCOUNTS				CHARGE ACCOUNTS
	DEPARTMENT STORES	FURNITURE STORES	HOUSEHOLD APPLIANCE STORES	JEWELRY STORES	
1941					
December	20	11	12	23	46
1942					
June	22	14	13	22	56
December	31	18	15	30	65
1943					
June	29	21	21	33	62
December	35	22	22	55	63
1944					
January	30	20	22	31	61
February	31	20	22	31	61
March	36	23	26	34	65
April	31	23	26	28	63
May	33	25	26	30	64
June	31	24	28	30	63
July	30	23	29	31	61
August	34	24	32	31	64
September	35	24	33	32	64
October	39	26	36	33	65
November	39	24	37	34	67
December	36	23	39	49	61
1945					
January	32	21	34	32	61
February	30	21	31	31	61

¹Ratio of collections during month to accounts receivable at beginning of month.

TOTAL CONSUMER CREDIT, BY MAJOR PARTS

[Estimated amounts outstanding. In millions of dollars]

END OF MONTH OR YEAR	TOTAL CONSUMER CREDIT	TOTAL INSTALMENT CREDIT	INSTALMENT CREDIT				SINGLE- PAYMENT LOANS	CHARGE ACCOUNTS	SERVICE CREDIT
			SALES CREDIT			LOANS			
			TOTAL	AUTOMOTIVE	OTHER				
1941-----	9,499	5,921	3,747	1,942	1,805	2,174	1,204	1,764	610
1942-----	6,165	2,932	1,494	482	1,012	1,438	1,072	1,513	648
1943-----	5,158	1,939	816	175	641	1,123	1,034	1,498	687
1944									
January-----	4,818	1,836	745	169	576	1,091	996	1,294	692
February-----	4,662	1,785	707	167	540	1,078	962	1,218	697
March-----	4,836	1,804	696	167	529	1,108	955	1,376	701
April-----	4,801	1,785	689	171	518	1,096	966	1,346	704
May-----	4,898	1,801	700	181	519	1,101	997	1,390	710
June-----	4,945	1,826	707	192	515	1,119	1,033	1,370	716
July-----	4,882	1,833	706	204	502	1,127	1,038	1,287	724
August-----	4,988	1,899	709	210	499	1,190	1,029	1,330	730
September-----	5,282	1,921	720	210	510	1,201	1,228	1,402	732
October-----	5,422	1,946	743	210	533	1,203	1,228	1,516	732
November-----	5,595	1,973	773	208	565	1,200	1,231	1,664	727
December-----	5,790	2,083	836	200	635	1,247	1,220	1,758	728
1945									
January-----	5,475	2,008	778	192	574	1,230	1,206	1,528	732
February-----	5,314	1,957	740	186	554	1,217	1,189	1,432	736

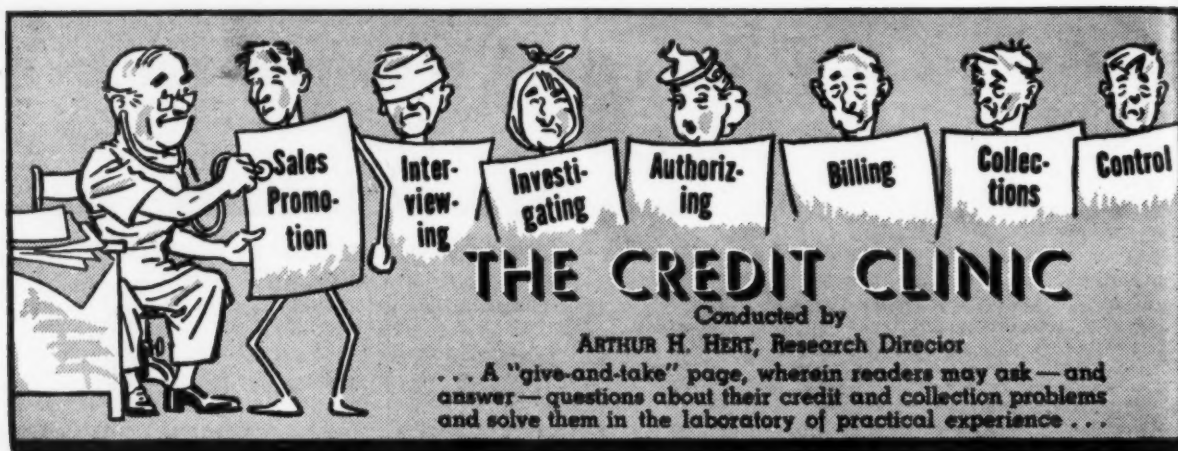
CONSUMER INSTALMENT SALE CREDIT, EXCLUDING AUTOMOTIVE

[Estimated amounts outstanding. In millions of dollars]

END OF MONTH OR YEAR	TOTAL EXCLUDING AUTO-MOTIVE	DEPARTMENT STORES AND MAIL-ORDER HOUSES	FURNITURE STORES	HOUSEHOLD APPLIANCE STORES	JEWELRY STORES	ALL OTHER RETAIL STORES
1941	1,805	469	619	313	120	284
1942	1,012	254	391	130	77	160
1943	641	174	271	29	66	101
1944						
January	576	158	248	24	55	91
February	540	147	236	21	51	85
March	529	144	231	19	52	83
April	518	141	229	18	48	82
May	519	141	235	16	45	82
June	515	138	237	15	44	81
July	502	132	234	14	43	79
August	499	132	232	13	42	79
September	510	138	236	13	43	80
October	533	148	244	13	44	84
November	565	162	253	13	48	89
December	636	184	269	13	70	100
1945						
January	586	172	249	12	61	92
February	554	161	240	11	55	87

DEPARTMENT STORE SALES BY TYPE (Percentage of total sales)

YEAR AND MONTH	CASH SALES	INSTALMENT SALES	CHARGE-ACCOUNT SALES
1941—January	49	8	43
December	53	6	41
1942—June	56	5	39
December	61	5	34
1943—June	60	4	36
December	65	4	31
1944—January	64	4	32
February	63	4	33
March	62	4	34
April	62	4	34
May	62	4	34
June	63	3	34
July	65	4	31
August	64	4	32
September	63	4	33
October	63	4	33
November	62	4	34
December	64	4	32
1945—January	63	4	33
February	63	4	33



Postwar Credit Plans

FRANCIS AMSLER, Credit Manager, E. M. Scarbrough & Sons, Austin, Texas, recently made an analysis of the postwar credit plans of six department stores in Texas and two in Oklahoma. General Manager-Treasurer Crowder was asked to comment on the questionnaire before it was sent out, and it will be noted that his remarks (listed below in small type under each question) confirm the information received by Mr. Amsler. While the scope of the survey was somewhat limited, it gives us an interesting sidelight on postwar credit plans.

A tabulation of the replies received is listed below:

1. Are you soliciting new accounts now?

Yes, 6

No, 2

2. How extensive is your account solicitation program?

Extensive, 5

Not extensive, 1

(There has been renewed activity in the soliciting of new accounts, but taking the country as a whole, there is very little work of this kind being done, to some extent because of the personnel problem and also because of the scarcity of merchandise.)

3. Do you plan to put in an extensive account solicitation program after the war?

Yes, 5

No, 1

Depends on conditions, 2

(Judging from comments of credit managers in many lines of business and in all sections of the country, there will be considerable sales promotion activity after the war, or as soon as the personnel problem improves and more merchandise is available.)

4. Are you following up regularly on your inactive accounts now?

Yes, 4

No, 4

(More and more men are following up inactive accounts by letter, by mimeographed comments on balanced statements, and by the use of N.R.C.A. stickers. On my trip in January, I discussed the advisability of following up inactive accounts, and several credit men did not agree with me that this is the appropriate time. It was their thought that because of the scarcity of merchandise, they should let well enough alone and not further aggravate the customer by suggesting that the account be used and then not be able to supply the merchandise desired. Not-

withstanding this argument, I still feel that inactive accounts should be followed up, as it is a courtesy that the average customer appreciates highly. Direct results are very good and it is impossible to measure in dollars and cents the indirect results, the building of good will, the cash business with which the customers favor the store, etc.)

5. Do you plan to follow up inactive accounts more closely after the war?

Yes, 7

No, 1

(I am satisfied there will be a decided increase in the follow up of inactive accounts after the war.)

6. If you are now soliciting new accounts, or following up inactive accounts regularly, is an amount for this specific activity set up in your expense budget?

Yes, 1

No, 6

(So far as I know, very few stores have a separate budget for the follow up of inactive accounts and the soliciting of new accounts. This is usually a part of the expense of the department and it is absorbed in salaries of the Credit Department personnel and part of the postage expense set up in the budget.)

7. Do you sell soft goods on the budget plan?

Yes, 7

No, 1

(I believe I am safe in stating that most stores now sell soft goods on the budget plan. Some restrict the time to 30, 60 and 90 days and others give up to 6 months' time, with a down payment of one-third being required.)

8. If you do, have you used the coupon book plan or some other plan?

Coupon Book Plan, 5

Order of Credit, 1

No, 2 (one adding, had coupon book plan but discontinued, too much confusion).

(Two of the department stores here, Famous & Barr and Scruggs-Vandervoort-Barney, use coupon books. Stix, Baer & Fuller does not have a coupon book.)

9. About what percentage of your total sales is represented by this budget plan business?

Under 5 per cent, 1

Very small percentage, 5

None, 2

10. Do you plan to promote this type of business more actively following the war?

Yes, 2

No, 3

Undecided, 3

(It is my opinion that soft goods on the budget plan will be promoted to an appreciable extent by retail stores after the war. It was gaining in momentum prior to Pearl Harbor.)

11. What per cent of your total sales do you hope to secure through actively promoting budget accounts after the war?

Do not know. Not one would hazard a guess as to what percentage of their sales they hope to secure in this way.

12. If "Regulation W" is abolished after the war, do you plan to return to your old terms on open accounts?

30 days, 4

30-60 days, 2

30-60-90-days, 1

Governed by competition, 1

(The better stores of the country will, in my opinion, endeavor to continue collecting accounts as is now being done under Regulation W. They realize that there is a decided advantage in prompt collections. They know it can be done, or has been done under Regulation W, without offence to the customer and I believe—and this is based on comments of men throughout the country—that there will be considerable consumer educational work done in an effort to keep the customers sold on paying the month following purchase. In some sections customers will probably pay in 30 to 60 days, but I believe a large majority of the stores will frown on charge accounts that run as long as 90 days.)

13. Do you believe it would be possible to secure the cooperation of most merchants in your city to establish reasonably uniform terms after the war?

Yes, 6

No, 1

Doubtful, 1

Most of these who answered yes, qualified their statement that they believe the majority of the leading (larger) merchants would cooperate in establishing reasonably uniform terms.

(It seems to be the opinion of many of the merchants and credit men that it will not be possible to secure the cooperation of all credit granters in the establishment of a credit control policy. It is felt, however, that a majority of the reputable merchants will be interested in the adoption of such a policy.)

Ideas for Soliciting Accounts

Listed below are a few of the ideas used by some of the stores in the solicitation of accounts.

"It is our plan to go into the solicitation of accounts to a considerable degree from now on. One plan we have had working during the past ninety days includes listing all individual customer checks given in payment of merchandise of \$10.00 or more. We are sending a letter to those customers who do not have accounts with us, asking them if they would like a charge account at our store. Up to now we feel quite gratified over the results obtained thus far."

"We pay our cashiers \$1.00 for each 25 names turned in. It works O.K."

"We also receive daily a list of newcomers, all of whom we solicit. I go over this list and if I see Army officers, with the rank of Captain and up, I send them a Charge-Plate without question. I watch the occupation and the residence address of others, and if it looks good I send them a Charge-Plate also. I found this to be quite good and I have found few bad risks among those whom I placed on the books without the usual for-

malities. To the others, we simply send a letter calling their attention to our store, welcoming them to our store and suggesting that they make application for an account."

"We also put on two Employee Application Campaigns each year, one about March or April and the other in September. During these months, we permit any employee in the store to fill out a credit application from his or her cash customers and for each one that is turned in to the Credit Office, we pay the employee 25c. This also enables us to put on several hundred accounts each year that would not come to us otherwise. In addition to these campaigns, we subscribe to a New Arrival Service through the Credit Bureau. Through this means, we are able to offer a Charge Account to new citizens coming in to our store who have good credit ratings."

"We try at all times to get lists of schoolteachers, employer lists of the various refineries, chemical plants and other substantial business concerns. We also go through the bank checks, first thing each morning, selecting the personal checks of \$10.00 and more in good residential sections for the city and out of town and direct a letter to them."

"During the past few years, we have regularly kept up two Inactive Account Campaigns per year, one in the Spring and one in the Fall. We employ an agency to send these letters out for us after we send the names to them. They also put on a New Accounts Campaign for us, by checking a select list of prospective charge customers. We compare this list with our own accounts and the ones that are not already on our books are returned to them for handling. We are able to add several hundred new accounts each year through this campaign."

"In answer to questions number 1 thru 6, I would like to say that we use the inactive statement at the end of each month with a printed message. Last August, September, October and November, we had a telephone campaign of those of our inactive customers who had residence telephones, and had very good re-activation results. On those who did not have telephones, we sent an invitation."

Entirely too few stores were contacted to cause any certainty that these answers are conclusive, but it is evident that nearly everyone is thinking today about increasing their solicitation of new accounts and follow-up on inactive accounts following the war.

As much as has been written about the coupon book plan, it is interesting to note that only one reply indicates any specific amount and "under 5 per cent" is a rather broad latitude.

Still more surprising is the fact that no one will even estimate the percentage of their total sales which they think they could get on budget or coupon accounts following the war, if they actively promoted this type of sale. ★★★

New Billing Plan

The Mabley & Carew Co., Cincinnati, Ohio, has installed a new system of streamlined billing and adopted a cycle billing plan. The new method of streamlined billing gives the customer a complete and convenient record of each transaction during the month and the original sales checks and credit slips will hereafter be enclosed with the monthly statement. Photographs of all original sales checks, credit slips and the statement of account are retained by the store. The cycle billing plan will divide accounts and bill at different periods of the month instead of billing all accounts at the end of each calendar month.

Geographical Indexing

Some time ago, Frank and Seder, Pittsburgh, Pa., discontinued the geographic and street address indexes of the City of Pittsburgh retaining only the out-of-town section. This step was taken because the Pittsburgh City Directory and Telephone Address Directory list names by street addresses. Another reason is that it was economical.

Granting Credit in Canada

J. H. SUYDAM . . . Canadian Correspondent

The Credit Woman

ANTHROPOLOGISTS tell us that woman launched civilization, that she had the creative intelligence that instituted the humanistic arts, the industrial arts and agriculture. Mead, Boas and others believe woman gave man his first "New Deal."

At any rate, the greatest unreleased power in the world today is woman-power. How are we going to utilize that power? At the moment we are not sufficiently organized. If you stop to think about it, there has been no great woman-push throughout history. A woman still has to be twice as good as a man in order to get half as far. We are still only on the edge of the professions.

The credit profession is one of the most important and difficult of jobs, and since it is one of the newer professions, offers a challenge and opportunities to the ambitious woman. The credit accounts of any organization are no better than the men or women handling them. Credit, if it is to have any scientific foundation, must be based on a thorough understanding of the science of economics, and business methods, rather than on mere chance. As about 90 per cent of modern commercial transactions are made on a credit basis, it is essential that the personnel of credit departments be highly trained in their field. Business at last recognizes the key position credit occupies in the realm of commerce and finance.

Channing Pollock says: "Opportunity rarely knocks until you are ready. And few people have ever been really ready without receiving opportunity's call." This is our call, young women. The credit profession invites us to enter its portals, and through the medium of the Credit Women's Breakfast Club of Toronto, under the kindly leadership of men like Mr. Suydam and Mr. Robinette, offers a training ground for our endeavours. Its primary purpose is to promote the interest of credit women in their profession and to further the education of its members in the methods, practice and procedure of credit.

To me "interest" is the first requisite of a good credit woman—the secret of effective work. An old Negro was creating a thing of beauty out of a rusty tugboat engine. When asked how he did it, he replied, "Well, it's this-a-way. I gotta get a glory." Which incident suggested the following rhyme.

FRANCES PARGETER delivered this address at the March meeting of the Credit Women's Breakfast Club of Toronto. She is Second Vice President and Credit Manager of Moffat's Limited, Weston, Ontario, Canada.

Oh, you gotta get a glory
In the work you do!
A hallelujah chorus
In the heart of you.
Paint, or tell a story,
Sing, or shovel coal,
You gotta get a glory
Or your work lacks soul.

To those who get a glory
It is like the sun,
And you can send it glowing
Through the work you've done.
O Lord, give me a glory.
And a workman's pride,
For you gotta get a glory
Or you're dead inside!

And having got the glory, we must share it with others. Especially the younger members on the staff, to whom we seldom give credit, much less try to understand or encourage in their work. We must teach them to see that upon their interest, resourcefulness and energy depends the successful working of our way of life. And I am confident they will throw all their youthful eagerness into their jobs. Time does not stand still and eventually we must pass our work along to others, and I might say, to whom more likely than to the competent young women we contact through The Breakfast Club.

Constructive Thought and Action Needed

We need constructive thought and action in our work: "A mule cannot pull when he is kicking, and he cannot kick when he is pulling." Time spent in the improvement of self leaves no time to criticize others. Whether we are credit executives or clerks, if it were not for the difficulties we have to surmount, the adjustments that have to be made, that require intelligence, patience, tact and courage to overcome, someone at half the salary would be found to handle our job. Let us then talk health, happiness and prosperity to our associates. Be builders.

To the young woman who has had industry and enthusiasm as her by-word, will go the position of responsibility in the days of reconstruction, after this war is over. The girl with foresight is preparing herself now for that day. To practical experience gained day by day in meeting people and dealing with credit problems, must be added a proper education in credit practices. This knowledge may be acquired through such courses as those conducted by the Canadian Credit Institute and local study groups. Sooner or later our own particular job will present itself. With increased knowledge and skill, and an enhanced value to our employer, we will be ready to answer that "front office" call when it comes.

If we wish to become successful credit women, good judgment is an essential qualification. A quality of mind, it can only be improved by practical experience. We must be cautious, and discreet, with strength of character to follow our convictions, basing our decisions on facts.

The importance of diplomacy cannot be too greatly stressed. Undoubtedly, in days to come, our patience will be tried to its limit, and therein diplomacy plays its part, together with the companion virtues, sympathy and thoughtfulness.

"Everyone now believes that there is in man an animating, ruling, characteristic essence, or spirit, which is himself. This spirit, dull or bright, petty or grand, foul or pure, looks out of the eyes, sounds in the voice, appears in the manners of each individual." It is what we call personality. If this essence emanates from a kindly heart, an interest in and consideration for others, it is likely to be reciprocated in like manner.

Clothes have a psychological effect on women whether we all realize it or not, and they give the becomingly gowned women a sense of assurance and poise, so necessary in business. We must therefore learn to be neat, choosing our hair-do and apparel with a thought to their appropriateness. Fashions designed for beach and ball-room do not fit into the office picture.

Since our responsibility, directly or indirectly, is for the promotion of credit sales on a sound basis, we should with clearness of vision, sweetness of spirit, and earnestness of purpose, press on to our goal.

Participation in industry has provided women with the opportunity of acquiring knowledge of the business as never before in history. This knowledge, combined with the self-confidence it inspires, and based upon the sympathetic understanding so naturally characteristic of women, will enable us to lend much more effective assistance in social, economic and political affairs, thereby becoming far better citizens, and in our own field, better credit women. ★★★

Credit Women's Breakfast Club of Toronto

The Credit Women's Breakfast Club of Toronto was organized in December, 1944, and at the first regular meeting, held on December 12, the following officers were elected. President, Mrs. Evelyn M. Elias, Ostrander's Ltd.; First Vice-President, Mrs. Eleanor Little, Robt. Simpson Co. Ltd.; Second Vice-President, Miss Frances Pargeter, Moffat's Limited; Secretary, Miss Lillias Tomlinson, Toronto Credits, Ltd.; Treasurer, Miss Margaret Maybee, Aluminum Goods, Ltd.

The following committee chairmen have also been elected. Publicity Committee, Miss Vera G. Barratt, Birks-Ellis-Ryrie, Ltd., Entertainment Committee, Mrs. Anne Brick, Public Finance Corp. Ltd., Program Committee, Miss Mary F. Davidson, Canadian Bank of Commerce, Attendance & Membership Committee, Miss Irene Deviney, Adams Furniture Co. Ltd., Constitution & By-Laws Committee, Mrs. Muriel Williamson, British American Oil Co. Ltd., Educational Committee, Miss Jeannette Gould, Fairweather, Ltd., Employment Committee, Mrs. Roselyn Shaul, Clayton's Department Store.

The credit women of the city have shown a keen interest in the activities of the club and at the present

time there are fifty-nine members. There was an attendance of seventy-two at the last meeting, held on March 13, and it is expected that the membership will continue to increase rapidly.

A series of twenty lectures, to be given by the girls, has also been arranged and the first two were delivered at the March meeting. Mrs. Eleanor Little covered "The Economics of Credit" and Miss Frances Pargeter, "The Credit Women." The guest speaker was Mr. W. G. Frisby, of the Eastern High School of Commerce, who gave a very interesting address on "The Art of Letter Writing." ★★★

Montreal Retail Credit Clinic

A Retail Credit Clinic was held at the Windsor Hotel, Montreal, Quebec, on March 15, 1945. The following are the main points agreed upon at this meeting, at which senior representatives of retail stores, finance companies, loan companies and others were present.

The purpose of the Clinic was to test the opinion of these representatives as to what credit conditions they would prefer in the post war period, as and when Order 225 is up for revision or elimination.

1. Order 225 should be continued until we return to normal peacetime economy.
 2. That sellers be required to indicate on the merchandise the cash price of the article for sale.
 3. That where a time payment plan is sought by the purchaser of an article, there should be a carrying charge, the amount of which shall be determined by:
 - A. The amount of the down payment.
 - B. The length of the instalment period.
 - C. The type of merchandise.
 4. That a minimum and a maximum rate of carrying charge shall be fixed for all time sales of merchandise to customers.
 5. That separate agreements be made for each transaction not made on the same date and that the practice of "linking" liens be prohibited.
 6. That a standard contract be adopted for all Canada, based on the principles of equity between buyer and seller and that it clearly indicate in *simple* language, the essential details of each transaction.
 7. It was generally thought that soft-goods terms should be 20% or 25% down and the maximum period of 6 months to pay.
 8. Durable goods—there were two opinions—one conservative, the other more liberal:
 - A. 20% down, 12 months to pay up to \$200 and 18 months over \$200.
 - B. 10% down up to 18 months to pay and 24 months for refrigerators, pianos, installations, etc.
 9. There should be no control of charge accounts once the regulations are withdrawn.
 10. Further considerations should be given to the question of repossessions. Many merchants feel, in their own interests, that repossessions should not be possible after a substantial part of the contract has been paid up.
- These points are reported briefly and will be explained in more detail in a later bulletin from the Credit Granters' Association. ★★★

Credit Women's Breakfast Clubs of North America

Officers



Mrs. Kitty Lofton
President
Atlanta, Ga.

Directors



Stephanie Dougherty
First Vice-President
San Francisco, Calif.



Rosalie Palmer
Second Vice-President
Cleveland, Ohio



Agnes Moyer
Recording Secretary
Reading, Pa.



Mrs. Elsie Hinds
Corr. Secretary
Atlanta, Ga.



Norma Colburn
Financial Secretary
Tulsa, Okla.



Eleanor Wilson
Treasurer
Duluth, Minn.



Mrs. Lucille Reynolds
Historian
Fort Worth, Tex.



Mrs. Helen Lybold
Educational Chairman
Butte, Mont.

Due to the cancellation of the Eighth Annual Convention of the Credit Women's Breakfast Clubs of North America which was to have been held in conjunction with the Thirty-Second Annual Convention of the National Retail Credit Association in Cleveland, Ohio, May 22,

23 and 24, 1945, the Board of Directors of the Credit Women's Breakfast Clubs of North America composed of National Officers, Committee Chairmen and District Presidents, will hold its annual meeting at the Statler Hotel, St. Louis, Missouri, May 22, 23 and 24, 1945.



In the News

SMALL BUSINESS is getting increased attention as the war moves toward an end. Congress has a proposal to free such companies from having to get SEC approval of stock issues up to \$300,000. OPA has set up a special division to help servicemen start their own businesses; some people believe, however, OPA's first moves, such as permitting limited amounts of rationed foods to these new enterprises, are inadequate.

★ ★ ★

RONALD RANSOM has been reappointed Vice-Chairman of the Federal Reserve Board of Governors for a four-year period, or until August 6, 1948.

★ ★ ★

BANK DEPOSITS have more than doubled in the last five years, increasing by about \$70 billion, the Federal Reserve Board has reported. The expansion has been greatest in areas where war industries have mushroomed and Army camps have sprung up. The Board declared the banking system, holding a large amount of short-term U. S. Government securities, is "well equipped" to meet postwar shifts in deposits.

★ ★ ★

FROM Leo. T. Crowley, Foreign Economic administrator, comes the promise that lend-lease will not be used for postwar rehabilitation and reconstruction. Congress, which is working on legislation permitting lend-lease to continue, may want to write that promise into law.

★ ★ ★

IT LOOKS as though the Senate Banking and Currency Committee may ask Federal Reserve Board for a comprehensive report on how to avoid postwar inflation. If so, such a report is almost certain to dwell on consumer credit control, would, in the opinion of some experts, recommend more and longer Regulation W.

★ ★ ★

NEW BILLS affecting the Soldiers and Sailors Civil Relief Act would (1) extend the stay of court action for the period of military service and 1 year thereafter instead of period of service and 3 months thereafter, (HR 1733); (2) provide that no sale, foreclosure or seizure within period of military service and 1 year thereafter shall be valid except by agreement or previously granted court order (HR 1735); and (3) provides benefits of the S & S Act to civilians who change employment in compliance with work or fight laws (HR 1852).

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DUN & BRADSTREET'S Trade Review finds retail sales, in general, climbing further . . . good weather and earlier Easter helping matters . . . higher priced merchandise more in demand than last year . . . deliveries reasonably good. Wholesale stocks are low, volume favorable . . . big problems are to secure additional merchandise, to keep stocks in well-rounded condition under heavy retail pressure and to get deliveries.

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ACCORDING TO the Postwar Small Business Credit Commission of the American Bankers Association, banking's new credit reservoirs—bank credit groups—already have set up supplementary sources of bank credit amounting to \$500 million for postwar small business enterprise.

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CONGRESSIONAL inquiry into old-age provision of the Social Security Act is being directed by resolution approved by the Senate Finance Committee. Senator Vandenberg of Michigan proposed the study so that a payroll tax program can be agreed upon by Congress.

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A BILL has been introduced in the House which would reduce the excise tax on furs from the present 20 per cent to 10 per cent.

INDUSTRIAL RETAIL STORES say that plans are all set for a drive by United Retail, Wholesale & Department Store Employees' Union to take over all store workers throughout the United States, including store buyers and department heads, as soon as the European phase of the war is over.

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DR. E. C. GOLDENWEISER has been named Economic Adviser to the Federal Reserve Board. His position as director of the division of research and statistics has been filled by Woodlief Thomas, former assistant to Dr. Goldenweiser. Howard S. Ellis has been named assistant to Mr. Thomas.

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THE BAN on conventions has so deluged the Office of Defense Transportation with protests and requests that officials wish public policy did not require publication of the list of organizations to which permits are granted. Applications for 1,331 conventions came in during February, but only 53 were granted—34 to religious groups, for conferences that are the customary means of conducting church government; 19 to others.

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THE HOUSE SMALL BUSINESS Committee, which should be one of the greatest instruments for good that operates for small business under national government sponsorship, is to continue in operation. This action was taken in H.R. 64, and authorizes that 9 members of the House be appointed by the speaker to a committee authorized and directed to conduct a study and investigation of the problems of small business.

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THE FEDERAL RESERVE Board says that installment accounts outstanding at department stores showed about the customary seasonal decline in February, and continued near the level of a year ago. Collections on installment accounts decreased 11 per cent, and the ratio of collections to accounts outstanding on the first of the month was 30 per cent, two points less than in the preceding month. The average period installment accounts were outstanding was approximately 5½ months, about the same length of time as in February last year.

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AS A MEANS of aiding returning servicemen to re-establish credit and clear up their old debts, the Credit Bureau of Greater New York, in cooperation with the Postwar Credit Planning Committee of the Associated Retail Credit Granters of New York, have adopted a plan whereby a 3 by 5 card will be filed in a separate file in the bureau. The card calls for the name of the individual, name of his wife; last known address; last position, name of company, address; amount of money owed; the account and code number.

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REP. R. L. DOUGHTON of North Carolina believes that the U. S. should make it easier for foreign goods to enter the country. He has introduced a bill in the House which would empower the State Department, for the next 3 years, to make trade agreements with foreign countries that would let some goods in at a tariff reduction of 75% below the Hawley-Smoot levels.

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THE TREASURY SECRETARY'S annual report, more detailed on policy matters than in the past, reaffirms: (a) Continued policy of low interest rates to be carried over into postwar; (b) Public debt reduction in the postwar "insofar as compatible with maintenance of full employment"; (c) "Strong" postwar tax policy but with "selective" reductions to encourage "private expenditures for consumption and investment"; (d) No difficulty foreseen in postwar bond redemptions; (e) War and postwar inflation will be avoided.

DON'T GET EXCITED



WITH THE END of the European conflict in sight, thoughts of postwar credit problems loom on the horizon. Now, just exactly what will these problems mean to us as credit executives?

The shifting of workers from war plant zones to home communities will be one angle for consideration; temporary unemployment must be reckoned with; and lowered wage scales a possibility.

However, fundamental creeds and credit practices have not changed. With careful planning by the credit fraternity, it would seem that the extension of credit today and tomorrow will present no greater problem than it has during past years. The basic elements underlying credit extension are just the same today.

Knowing the customer's background, character and future possibilities is as necessary now as heretofore. Knowing where our customers are today, where they came from, and the history of their habits and mode of living is equally as essential as formerly.

No longer do we consider the customers' present high wage scale as a measure of their ability to pay, but instead, an average of their wage scale for the past few years to find a reasonable level. The important questions are, will they pay, are they living up to their obligations promptly at the present time, and if they have not been permanent residents of your city, in what capacity were they previously employed?

There is every reason to believe the accounts receivable of all retailers are in a liquid condition and little or no problems are to be anticipated in the collection of accounts. The value of our local Credit Bureaus has reached a new high, servicing as they do every city and town, and maintaining in their files complete credit information which is our insurance against excessive credit losses.

Our affiliation with the National Retail Credit Association also keeps us constantly informed on all national matters relating to credits and conditions that may influence the future course of retail credit extension.

So, let's don't get too excited about the future. As Dr. Phillips Brooks said: *Know the truth and the truth will make you free.*

A handwritten signature in cursive script, reading "E. E. Laddon".

FIRST VICE-PRESIDENT
National Retail Credit Association

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